

2015 -- H 6181

=====
LC002649
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

—————
A N A C T

RELATING TO PUBLIC OFFICERS AND EMPLOYEES -- RETIREMENT SYSTEM--
CONTRIBUTIONS AND BENEFITS

Introduced By: Representative Raymond E. Gallison

Date Introduced: May 07, 2015

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 36-8-1 of the General Laws in Chapter 36-8 entitled "Retirement
2 System - Administration" is hereby amended to read as follows:

3 **36-8-1. Definition of terms.** -- The following words and phrases as used in chapters 8 to
4 10 of this title unless a different meaning is plainly required by the context, shall have the
5 following meanings:

6 (1) "Accumulated contributions" shall mean the sum of all the amounts deducted from
7 the compensation of a member and credited to his or her individual pension account.

8 (2) "Active member" shall mean any employee of the state of Rhode Island as defined in
9 this section for whom the retirement system is currently receiving regular contributions pursuant
10 to §§ 36-10-1 and 36-10-1.1.

11 (3) "Actuarial equivalent" shall mean an allowance or benefit of equal value to any other
12 allowance or benefit when computed upon the basis of the actuarial tables in use by the system.

13 (4) "Annuity reserve" shall mean the present value of all payments to be made on
14 account of any annuity, benefit, or retirement allowance granted under the provisions of chapter
15 10 of this title computed upon the basis of such mortality tables as shall be adopted from time to
16 time by the retirement board with regular interest.

17 (5) (a) "Average compensation" for members eligible to retire as of September 30, 2009
18 shall mean the average of the highest three (3) consecutive years of compensation, within the total

1 service when the average compensation was the highest. For members eligible to retire on or after
2 October 1, 2009, "Average compensation" shall mean the average of the highest five (5)
3 consecutive years of compensation within the total service when the average compensation was
4 the highest.

5 (b) For members who become eligible to retire on or after July 1, 2012, if more than one
6 half (1/2) of the member's total years of service consist of years of service during which the
7 member devoted less than thirty (30) business hours per week to the service of the state, but the
8 member's average compensation consists of three (3) or more years during which the member
9 devoted more than thirty (30) business hours per week to the service of the state, such member's
10 average compensation shall mean the average of the highest ten (10) consecutive years of
11 compensation within the total service when the average compensation was the highest; provided
12 however, effective July 1, 2015, if such member's average compensation as defined in subsection
13 (a) Above is equal to or less than thirty-five thousand dollars (\$35,000), such amount to be
14 indexed annually in accordance with § 36-10-35(h)(1)(B), such member's average compensation
15 shall mean the greater of: (i) The average of the highest ten (10) consecutive years of
16 compensation within the total service when the average compensation was the highest; or (ii) The
17 member's average compensation as defined in subsection (a) above. To protect a member's
18 accrued benefit on June 30, 2012 under this § 36-8-1(5)(b), in no event shall a member's average
19 compensation be lower than his or her average compensation determined as of June 30, 2012.

20 (6) "Beneficiary" shall mean any person in receipt of a pension, an annuity, a retirement
21 allowance, or other benefit as provided by chapter 10 of this title.

22 (7) "Casual employee" shall mean those persons hired for a temporary period, a period of
23 emergency or an occasional period.

24 (8) "Compensation" as used in chapters 8 -- 10 of this title, chapters 16 and 17 of title 16,
25 and chapter 21 of title 45 shall mean salary or wages earned and paid for the performance of
26 duties for covered employment, including regular longevity or incentive plans approved by the
27 board, but shall not include payments made for overtime or any other reason other than
28 performance of duties, including but not limited to the types of payments listed below:

29 (i) Payments contingent on the employee having terminated or died;

30 (ii) Payments made at termination for unused sick leave, vacation leave, or
31 compensatory time;

32 (iii) Payments contingent on the employee terminating employment at a specified time in
33 the future to secure voluntary retirement or to secure release of an unexpired contract of
34 employment;

1 (iv) Individual salary adjustments which are granted primarily in anticipation of the
2 employee's retirement;

3 (v) Additional payments for performing temporary or extra duties beyond the normal or
4 regular work day or work year.

5 (9) "Employee" shall mean any officer or employee of the state of Rhode Island whose
6 business time is devoted exclusively to the services of the state, but shall not include one whose
7 duties are of a casual or seasonal nature. The retirement board shall determine who are employees
8 within the meaning of this chapter. The governor of the state, the lieutenant governor, the
9 secretary of state, the attorney general, the general treasurer, and the members of the general
10 assembly, ex officio, shall not be deemed to be employees within the meaning of that term unless
11 and until they elect to become members of the system as provided in section 36-9-6, but in no
12 case shall it deem as an employee, for the purposes of this chapter, any individual who devotes
13 less than twenty (20) business hours per week to the service of the state, and who receives less
14 than the equivalent of minimum wage compensation on an hourly basis for his or her services,
15 except as provided in section 36-9-24. Any commissioner of a municipal housing authority or any
16 member of a part-time state, municipal or local board, commission, committee or other public
17 authority shall not be deemed to be an employee within the meaning of this chapter.

18 (10) "Full actuarial costs" or "full actuarial value" shall mean the lump sum payable by a
19 member claiming service credit for certain employment for which that payment is required which
20 is determined according to the age of the member and the employee's annual rate of compensation
21 at the time he or she applies for service credit and which is expressed as a rate percent of the
22 employee's annual rate of compensation to be multiplied by the number of years for which he or
23 she claims service credit as prescribed in a schedule adopted by the retirement board from time to
24 time on the basis of computation by the actuary. Except as provided in §§ 16-16-7.1, 36-5-3, 36-
25 9-31, 36-10-10.4, 45-21-53, 36-10-8, 45-21-29, 8-3-16(b), 8-8-10.1(b), 42-28-22.1(b) and 28- 30-
26 18.1(b).

27 (i) all service credit purchases requested after June 16, 2009 and prior to July 1, 2012,
28 shall be at full actuarial value and

29 (ii) all service credit purchases requested after June 30, 2012 shall be at full actuarial
30 value which shall be determined using the system's assumed investment rate of return minus one
31 percent (1%).

32 The rules applicable to a service credit purchase shall be the rules of the retirement
33 system in effect at the time the purchase application is submitted to the retirement system.

34 (11) "Funded Ratio" shall mean the ratio of the actuarial value of assets to the actuarial

1 [accrued liability consistent with the funding policy of the retirement board as defined in § 36-8-4.](#)

2 ~~(11)~~(12) "Inactive member" shall mean a member who has withdrawn from service as an
3 employee but who has not received a refund of contributions.

4 ~~(12)~~(13) "Members" shall mean any person included in the membership of the retirement
5 system as provided in §§ 36-9-1 -- 36-9-7.

6 ~~(13)~~(14) "Prior service" shall mean service as a member rendered before July 1, 1936,
7 certified on his or her prior service certificate and allowable as provided in § 36-9-28.

8 ~~(14)~~(15) "Regular interest" shall mean interest at the assumed investment rate of return,
9 compounded annually, as may be prescribed from time to time by the retirement board.

10 ~~(15)~~(16) "Retirement allowance" shall mean annual payments for life made after
11 retirement under and in accordance with chapters 8 to 10 of this title. All allowances shall be paid
12 in equal monthly installments beginning as of the effective date thereof; provided, that a smaller
13 pro rata amount may be paid for part of a month where separation from service occurs during the
14 month in which the application was filed, and when the allowance ceases before the last day of
15 the month.

16 ~~(16)~~(17) "Retirement board" or "board" shall mean the board provided in § 36-8-3 to
17 administer the retirement system.

18 ~~(17)~~(18) "Retirement system" shall mean the employees' retirement system of the state of
19 Rhode Island as defined in § 36-8-2.

20 ~~(18)~~(19) "Service" shall mean service as an employee of the state of Rhode Island as
21 described in subdivision (9) of this section.

22 ~~(19)~~(20) "Social Security retirement age" shall mean a member's full retirement age as
23 determined in accordance with the federal Old Age, Survivors and Disability Insurance Act, not
24 to exceed age sixty-seven (67).

25 ~~(20)~~(21) "Total service" shall mean prior service as defined above, plus service rendered
26 as a member on or after July 1, 1936.

27 SECTION 2. Section 36-10-1 of the General Laws in Chapter 36-10 entitled "Retirement
28 System-Contributions and Benefits" is hereby amended to read as follows:

29 **36-10-1. Member contributions -- Deduction from compensation.** -- (a) Prior to July
30 1, 2012, each member of the retirement system shall contribute an amount equal to eight and
31 three-quarters percent (8.75%) of his or her compensation as his or her share of the cost of
32 annuities, benefits, and allowances. Effective July 1, 2012, each member of the retirement system
33 shall contribute an amount equal to three and three quarters percent (3.75%) of his or her
34 compensation, except for correctional officers as defined in § 36-10-9.2 who shall contribute an

1 amount equal to eight and three quarters percent (8.75%) of his or her compensation. Effective
2 July 1, 2015, each member of the retirement system, except for correctional officers as defined in
3 § 36-10-9.2, with twenty (20) or more years of total service as of June 30, 2012 shall contribute
4 an amount equal to eleven percent (11%) of compensation. The contributions shall be made in the
5 form of deductions from compensation.

6 (b) The deductions provided for herein shall be made notwithstanding that the minimum
7 compensation provided by law for any member shall be reduced thereby. Every member shall be
8 deemed to consent and agree to the deductions made and provided for herein and receipt of his or
9 her full compensation and payment of compensation, less the deductions, shall be a full and
10 complete discharge and acquittance of all claims and demands whatsoever for the services
11 rendered by the person during the period covered by the payment except as to the benefit
12 provided under this chapter.

13 SECTION 3. Section 36-10-2.1 of the General Laws in Chapter 36-10 entitled
14 "Retirement System-Contributions and Benefits" is hereby amended to read as follows:

15 **36-10-2.1. Actuarial cost method.** -- (a) To determine the employer contribution rate for
16 the State of Rhode Island for fiscal year 2002 and for all fiscal years subsequent, the actuary shall
17 compute the costs under chapter 10 of title 36 using the entry age normal cost method. ~~Effective~~
18 ~~July 1, 2012, the entry age normal cost method shall be as defined in Accounting Standard No. 27~~
19 ~~of the Governmental Accounting Standards Board as in effect from time to time.~~

20 (b) The determination of the employer contribution rate for fiscal year 2013 shall include
21 a reamortization of the current Unfunded Actuarial Accrued Liability (UAAL) over a closed
22 twenty-five (25) year period. After an initial period of five (5) years, future actuarial gains and
23 losses occurring within a plan year will be amortized over individual new twenty (20) year closed
24 periods.

25 (c) The determination of the employer contribution rate commencing with fiscal year
26 2017 shall include a re-amortization of the current unfunded actuarial accrued liability (UAAL)
27 attributable to the sixty percent (60%) of contribution responsibility not partitioned to the state in
28 § 16-16-22 over a closed twenty-five (25) year period. This will be accomplished by dividing the
29 UAAL as of June 30, 2014 into two (2) separate amortization periods. Future actuarial gains and
30 losses occurring within a plan year will be amortized over individual new twenty (20) year closed
31 periods and allocated in the forty percent (40%) state / sixty percent (60%) municipal proportion
32 set forth in § 16-16-22.

33 SECTION 4. Section 36-10-9 of the General Laws in Chapter 36-10 entitled "Retirement
34 System-Contributions and Benefits" is hereby amended to read as follows:

1 **36-10-9. Retirement on service allowance -- In general.** -- Retirement of a member on
2 a service retirement allowance shall be made by the retirement board as follows:

3 (1) (a) (i) Any member may retire upon his or her written application to the retirement
4 board as of the first day of the calendar month in which the application was filed; provided, the
5 member was separated from service prior thereto; and further provided, however, that if
6 separation from service occurs during the month in which application is filed, the effective date
7 shall be the first day following that separation from service; and provided further that the member
8 on his or her retirement date attained the age of sixty (60) and completed at least ten (10) years of
9 contributory service on or before July 1, 2005 or who, regardless of age, has completed twenty-
10 eight (28) years of total service and has completed at least ten (10) years of contributory service
11 on or before July 1, 2005, and who retire before October 1, 2009 or are eligible to retire as of
12 September 30, 2009.

13 (ii) For members who become eligible to retire on or after October 1, 2009 and prior to
14 July 1, 2012, benefits are available to members who have attained the age of sixty-two (62) and
15 completed at least ten (10) years of contributory service. For members in service as of October 1,
16 2009 who were not eligible to retire as of September 30, 2009 but become eligible to retire prior
17 to July 1, 2012, the minimum retirement age of sixty-two (62) will be adjusted downward in
18 proportion to the amount of service the member has earned as of September 30, 2009. The
19 proportional formula shall work as follows:

20 (1) The formula shall determine the first age of retirement eligibility under the laws in
21 effect on September 30, 2009 which shall then be subtracted from the minimum retirement age of
22 sixty-two (62).

23 (2) The formula shall then take the member's total service credit as of September 30,
24 2009 as the numerator and the years of service credit determined under (1) as the denominator.

25 (3) The fraction determined in (2) shall then be multiplied by the age difference
26 determined in (1) to apply a reduction in years from age sixty-two (62).

27 (b) (i) Any member, who has not completed at least ten (10) years of contributory
28 service on or before July 1, 2005, may retire upon his or her written application to the retirement
29 board as of the first day of the calendar month in which the application was filed; provided, the
30 member was separated from service prior thereto; and further provided, however, that if
31 separation from service occurs during the month in which application is filed, the effective date
32 shall be the first day following that separation from service; provided, the member or his or her
33 retirement date had attained the age of fifty-nine (59) and had completed at least twenty-nine (29)
34 years of total service or provided that the member on his or her retirement date had attained the

1 age of sixty-five (65) and had completed at least ten (10) years of contributory service; or
2 provided, that the member on his or her retirement date had attained the age of fifty-five (55) and
3 had completed twenty (20) years of total service provided, that the retirement allowance, as
4 determined according to the formula in § 36-10-10 is reduced actuarially for each month that the
5 age of the member is less than sixty-five (65) years, and who retire before October 1, 2009 or are
6 eligible to retire as of September 30, 2009.

7 (ii) For members who become eligible to retire on or after October 1, 2009 and prior to
8 July 1, 2012, benefits are available to members who have attained the age of sixty-two (62) and
9 completed at least twenty-nine (29) years of total service or have attained the age of sixty-five
10 (65) and completed at least ten (10) years of contributory service. For members in service as of
11 October 1, 2009 who were not eligible to retire as of September 30, 2009 but become eligible to
12 retire prior to July 1, 2012, who have a minimum retirement age of sixty-two (62), the retirement
13 age will be adjusted downward in proportion to the amount of service the member has earned as
14 of September 30, 2009. The proportional formula shall work as follows:

15 (1) The formula shall determine the first age of retirement eligibility under the laws in
16 effect on September 30, 2009 which shall then be subtracted from the minimum retirement age of
17 sixty-two (62).

18 (2) The formula shall then take the member's total service credit as of September 30,
19 2009 as the numerator and the years of service credit determined under (1) as the denominator.

20 (3) The fraction determined in (2) above shall then be multiplied by the age difference
21 determined in (1) to apply a reduction in years from age sixty-two (62).

22 (c) Effective July 1, 2012, the following shall apply to all members not eligible to retire
23 prior to July 1, 2012:

24 (i) A member with contributory service on or after July 1, 2012, shall be eligible to retire
25 upon the completion of at least five (5) years of contributory service and attainment of the
26 member's Social Security retirement age.

27 (ii) For members with five (5) or more years of contributory service as of June 30, 2012,
28 with contributory service on and after July 1, 2012, who have a retirement age of Social Security
29 Retirement Age, the retirement age will be adjusted downward in proportion to the amount of
30 service the member has earned as of June 30, 2012, but in no event shall a member's retirement
31 age under this subparagraph (ii) be prior to the attainment of age fifty-nine (59) or prior to the
32 member's retirement age determined under the laws in effect on June 30, 2012. The proportional
33 formula shall work as follows:

34 (1) The formula shall determine the first age of retirement eligibility under the laws in

1 effect on June 30, 2012 which shall then be subtracted from Social Security retirement age;

2 (2) The formula shall then take the member's total service credit as of June 30, 2012 as
3 the numerator and the projected service at retirement age in effect on June 30, 2012 as the
4 denominator;

5 (3) The fraction determined in (2) shall then be multiplied by the age difference
6 determined in (1) to apply a reduction in years from Social Security retirement age.

7 (iii) Effective July 1, 2015, a member who has completed twenty (20) or more years of
8 total service and who has attained an age within five (5) years of the eligible retirement age under
9 subparagraphs (c)(i) or (c)(ii) above or subsection (d) below, may elect to retire provided that the
10 retirement allowance shall be reduced actuarially for each month that the age of the member is
11 less than the eligible retirement age under subparagraphs (c)(i) or (c)(ii) above or subsection (d)
12 below in accordance with the following table:

<u>Year Preceding Retirement</u>	<u>Cumulative Annual Reduction</u>	<u>Cumulative Monthly Reduction</u>
<u>For Year 1</u>	<u>9%</u>	<u>.75%</u>
<u>For Year 2</u>	<u>8%</u>	<u>.667%</u>
<u>For Year 3</u>	<u>7%</u>	<u>.583%</u>
<u>For Year 4</u>	<u>7%</u>	<u>.583%</u>
<u>For Year 5</u>	<u>7%</u>	<u>.583%.</u>

19 (iv) Notwithstanding any other provisions of section 36-10-9(c), a member who has
20 completed ten (10) or more years of contributory service as of June 30, 2012, may elect to retire
21 at his or her eligible retirement date as determined under paragraphs (1)(a) and (1)(b) above
22 provided that a member making an election under this paragraph shall receive the member's
23 retirement benefit determined and calculated based on the member's service and average
24 compensation as of June 30, 2012. This provision shall be interpreted and administered in a
25 manner to protect a member's accrued benefit on June 30, 2012.

26 (d) Notwithstanding any other provisions of subsection (c) above, effective July 1, 2015,
27 members in active service shall be eligible to retire upon the earlier of: (A) The attainment of at
28 least age sixty-five (65) and the completion of at least thirty (30) years of total service, or the
29 attainment of at least age sixty-four (64) and the completion of at least thirty-one (31) years of
30 total service, or the attainment of at least age sixty-three (63) and the completion of at least thirty-
31 two (32) years of total service, or the attainment of at least age sixty-two (62) and the completion
32 of at least thirty-three (33) years of total service; or (B) The member's retirement eligibility date
33 under subsections (c)(i) or (c)(ii) above.

34 (2) Any faculty employee at a public institution of higher education under the

1 jurisdiction of the board of governors for higher education shall not be involuntarily retired upon
2 attaining the age of seventy (70) years.

3 (3) (i) Except as specifically provided in § 36-10-9.1, §§ 36-10-12 -- 36-10-15, and §§
4 45-21-19 -- 45-21-22, (I) On or prior to June 30, 2012 no member shall be eligible for pension
5 benefits under this chapter unless the member shall have been a contributing member of the
6 employee's retirement system for at least ten (10) years, or (II) For members in active
7 contributory service on or after July 1, 2012, the member shall have been a contributing member
8 of the retirement system for at least five (5) years.

9 (ii) Provided, however, a person who has ten (10) years service credit on or before June
10 16, 1991, shall be vested.

11 (iii) Furthermore, any past service credits purchased in accordance with § 36-9-38 shall
12 be counted towards vesting.

13 (iv) Any person who becomes a member of the employees' retirement system pursuant to
14 § 45-21-4 shall be considered a contributing member for the purpose of chapter 21 of title 45 and
15 this chapter.

16 (v) Notwithstanding any other provision of law, no more than five (5) years of service
17 credit may be purchased by a member of the system. The five (5) year limit shall not apply to any
18 purchases made prior to January 1, 1995. A member who has purchased more than five (5) years
19 of service credits before January 1, 1995, shall be permitted to apply those purchases towards the
20 member's service retirement. However, no further purchase will be permitted. Repayment in
21 accordance with applicable law and regulation of any contribution previously withdrawn from the
22 system shall not be deemed a purchase of service credit.

23 (vi) Notwithstanding any other provision of law, effective July 1, 2012, except for
24 purchases under §§ 16-16-7.1, 36-5-3, 36-9-31, 36-10-10.4, and 45-21-53, (A) For service
25 purchases for time periods prior to a member's initial date of hire, the purchase must be made
26 within three (3) years of the member's initial date of hire, (B) For service purchases for time
27 periods for official periods of leave as authorized by law, the purchase must be made within three
28 (3) years of the time the official leave was concluded by the member. Notwithstanding the
29 preceding sentence, service purchases from time periods prior to June 30, 2012 may be made on
30 or prior to June 30, 2015.

31 (4) No member of the employees' retirement system shall be permitted to purchase
32 service credits for casual, seasonal, or temporary employment, or emergency appointment, for
33 employment as a page in the general assembly, or for employment at any state college or
34 university while the employee is a student or graduate assistant of the college or university.

1 (5) Except as specifically provided in §§ 16-16-6.2 and 16-16-6.4, a member shall not
2 receive service credit in this retirement system for any year or portion of it, which counts as
3 service credit in any other retirement system in which the member is vested or from which the
4 member is receiving a pension and/or any annual payment for life. This subsection shall not apply
5 to any payments received pursuant to the federal Social Security Act or to payments from a
6 military pension earned prior to participation in state or municipal employment, or to military
7 service credits earned prior to participation in state or municipal employment.

8 (6) A member who seeks to purchase or receive service credit in this retirement system
9 shall have the affirmative duty to disclose to the retirement board whether or not he or she is a
10 vested member in any other retirement system and/or is receiving a pension, retirement
11 allowance, or any annual payment for life. The retirement board shall have the right to investigate
12 as to whether or not the member has utilized the same time of service for credit in any other
13 retirement system. The member has an affirmative duty to cooperate with the retirement board
14 including, by way of illustration and not by way of limitations the duty to furnish or have
15 furnished to the retirement board any relevant information which is protected by any privacy act.

16 (7) A member who fails to cooperate with the retirement board shall not have the time of
17 service counted toward total service credit until such time as the member cooperates with the
18 retirement board and until such time as the retirement board determines the validity of the service
19 credit.

20 (8) A member who knowingly makes a false statement to the retirement board regarding
21 service time or credit shall not be entitled to a retirement allowance and is entitled only to the
22 return of his or her contributions without interest.

23 SECTION 5. Section 36-10-10 of the General Laws in Chapter 36-10 entitled
24 "Retirement System-Contributions and Benefits" is hereby amended to read as follows:

25 **36-10-10. Amount of service retirement allowance.** -- (a) (1) (i) For employees eligible
26 to retire on or before September 30, 2009, upon retirement for service under section 36-10-9, a
27 member whose membership commenced before July 1, 2005 and who has completed at least ten
28 (10) years of contributory service on or before July 1, 2005 shall receive a retirement allowance
29 which shall be determined in accordance with schedule A below for service prior to July 1, 2012:

30 Schedule A

31 Years of Service	Percentage Allowance
32 1st through 10th inclusive	1.7%
33 11th through 20th inclusive	1.9%
34 21st through 34th inclusive	3.0%

1 average highest three (3) consecutive years of compensation multiplied by the number of years of
2 total service, but in no case to exceed seventy-five percent (75%) of the compensation payable at
3 the completion of thirty-eight (38) years of service; provided, however, for employees retiring on
4 or after October 1, 2009 who were not eligible to retire as of September 30, 2009 the calculation
5 shall be based on the average highest five (5) consecutive years of compensation.

6 (c) Any member with thirty-eight (38) years or more of service prior to December 31,
7 1985, shall not be required to make additional contributions. Contributions made between
8 December 31, 1985, and July 1, 1987, by members with thirty-eight (38) or more years of service
9 prior to December 31, 1985, shall be refunded by the retirement board to the persons, their heirs,
10 administrators, or legal representatives.

11 (d) For service prior to July 1, 2012, the retirement allowance of a member shall be
12 determined in accordance with subsections (a)(1) and (a)(2) above. For service on and after July
13 1, 2012, a member's retirement allowance shall be equal to:

14 (i) For members with fewer than twenty (20) years of total service as of June 30, 2012,
15 one percent (1%) of the member's average compensation multiplied by the member's years of
16 total service on and after July 1 2012; and

17 (ii) For members with twenty (20) or more years of total service as of June 30, 2012, a
18 member's retirement allowance shall be equal to one percent (1%) of the member's average
19 compensation multiplied by the member's years of total service between July 1, 2012 and June
20 30, 2015, and two percent (2%) of the member's average compensation multiplied by the
21 member's years of total service on and after July 1, 2015. For purposes of computing a member's
22 total service under the preceding sentence, service purchases shall be included in total service
23 only with respect to those service purchases approved prior to June 30, 2012 and those
24 applications for service purchases received by the retirement system on or before June 30, 2012.

25 In no event shall a member's retirement allowance exceed the maximum limitations set forth in
26 paragraph (b) above.

27 SECTION 6. Section 36-10-10.2 of the General Laws in Chapter 36-10 entitled
28 "Retirement System-Contributions and Benefits" is hereby amended to read as follows:

29 **36-10-10.2. Amount of service retirement allowance – Correctional officers. --** (a)
30 Upon retirement for service under § 36-10-9.2, a member with twenty-five (25) or more years of
31 service as of June 30, 2012 shall receive a retirement allowance of an amount determined under
32 (i) below. All other members shall receive a retirement allowance of an amount equal to the sum
33 of (i) below for service prior to July 1, 2012, plus (ii) below for service on and after July 1, 2012.
34 (i) Two percent (2%) of his or her average compensation multiplied by his or her first thirty (30)

1 years of total service within the department of corrections; any and all years of remaining service
2 shall be issued to the member at a retirement allowance of an amount equal to his or her average
3 compensation multiplied by the percentage allowance determined in accordance with Schedule A
4 below:

5 Schedule A

6 Years of Service	Percentage Allowance
7 1 through 30 inclusive	2%
8 31st	6%
9 32nd	5%
10 33rd	4%
11 34th	3%
12 35th	2%

13 (ii) On and after July 1, 2012, Two two percent (2%) of his or her average compensation
14 multiplied by his or her first thirty (30) years of total service ~~years of service on and after July 1,~~
15 ~~2012~~ within the department of corrections, and three percent (3%) of his or her average
16 compensation multiplied by the member's thirty-first (31st) through thirty-fifth (35th) years of
17 service.

18 (b) In no case shall a retirement percentage allowance exceed the greater of the member's
19 retirement percentage allowance on June 30, 2012 or seventy-five percent (75%). Any member
20 who has in excess of thirty-five (35) years on or before July 1, 1987, shall not be entitled to any
21 refund. Any member with thirty-five (35) years or more on or after July 1, 1987, shall contribute
22 from July 1, 1987, until his or her retirement, provided, however, that any member with thirty-
23 eight (38) years of service prior to July 1, 1987, shall not be required to contribute.

24 SECTION 7. Section 36-10-35 of the General Laws in Chapter 36-10 entitled
25 "Retirement System-Contributions and Benefits" is hereby amended to read as follows:

26 **36-10-35. Additional benefits payable to retired employees.** -- (a) All state employees
27 and all beneficiaries of state employees receiving any service retirement or ordinary or accidental
28 disability retirement allowance pursuant to the provisions of this title on or before December 31,
29 1967, shall receive a cost of living retirement adjustment equal to one and one-half percent
30 (1.5%) per year of the original retirement allowance, not compounded, for each calendar year the
31 retirement allowance has been in effect. For the purposes of computation, credit shall be given for
32 a full calendar year regardless of the effective date of the retirement allowance. This cost of living
33 adjustment shall be added to the amount of the retirement allowance as of January 1, 1968, and an
34 additional one and one-half percent (1.5%) shall be added to the original retirement allowance in

1 each succeeding year during the month of January, and provided further, that this additional cost
2 of living increase shall be three percent (3%) for the year beginning January 1, 1971, and each
3 year thereafter, through December 31, 1980. Notwithstanding any of the above provisions, no
4 employee receiving any service retirement allowance pursuant to the provisions of this title on or
5 before December 31, 1967, or the employee's beneficiary, shall receive any additional benefit
6 hereunder in an amount less than two hundred dollars (\$200) per year over the service retirement
7 allowance where the employee retired prior to January 1, 1958.

8 (b) All state employees and all beneficiaries of state employees retired on or after
9 January 1, 1968, who are receiving any service retirement or ordinary or accidental disability
10 retirement allowance pursuant to the provisions of this title shall, on the first day of January next
11 following the third anniversary date of the retirement, receive a cost of living retirement
12 adjustment, in addition to his or her retirement allowance, in an amount equal to three percent
13 (3%) of the original retirement allowance. In each succeeding year thereafter through December
14 31, 1980, during the month of January, the retirement allowance shall be increased an additional
15 three percent (3%) of the original retirement allowance, not compounded, to be continued during
16 the lifetime of the employee or beneficiary. For the purposes of computation, credit shall be given
17 for a full calendar year regardless of the effective date of the service retirement allowance.

18 (c) (1) Beginning on January 1, 1981, for all state employees and beneficiaries of the
19 state employees receiving any service retirement and all state employees, and all beneficiaries of
20 state employees, who have completed at least ten (10) years of contributory service on or before
21 July 1, 2005 pursuant to the provisions of this chapter, and for all state employees, and all
22 beneficiaries of state employees who receive a disability retirement allowance pursuant to §§ 36-
23 10-12 -- 36-10-15, the cost of living adjustment shall be computed and paid at the rate of three
24 percent (3%) of the original retirement allowance or the retirement allowance as computed in
25 accordance with § 36-10-35.1, compounded annually from the year for which the cost of living
26 adjustment was determined to be payable by the retirement board pursuant to the provisions of
27 subsection (a) or (b) of this section. Such cost of living adjustments are available to members who
28 retire before October 1, 2009 or are eligible to retire as of September 30, 2009.

29 (2) The provisions of this subsection shall be deemed to apply prospectively only and no
30 retroactive payment shall be made.

31 (3) The retirement allowance of all state employees and all beneficiaries of state
32 employees who have not completed at least ten (10) years of contributory service on or before
33 July 1, 2005 or were not eligible to retire as of September 30, 2009, shall, on the month following
34 the third anniversary date of retirement, and on the month following the anniversary date of each

1 succeeding year be adjusted and computed by multiplying the retirement allowance by three
2 percent (3%) or the percentage of increase in the Consumer Price Index for all Urban Consumers
3 (CPI-U) as published by the United States Department of Labor Statistics determined as of
4 September 30 of the prior calendar year, whichever is less; the cost of living adjustment shall be
5 compounded annually from the year for which the cost of living adjustment was determined
6 payable by the retirement board; provided, that no adjustment shall cause any retirement
7 allowance to be decreased from the retirement allowance provided immediately before such
8 adjustment.

9 (d) For state employees not eligible to retire in accordance with this chapter as of
10 September 30, 2009 and not eligible upon passage of this article, and for their beneficiaries, the
11 cost of living adjustment described in subsection (3) above shall only apply to the first thirty-five
12 thousand dollars (\$35,000) of retirement allowance, indexed annually, and shall commence upon
13 the third (3rd) anniversary of the date of retirement or when the retiree reaches age sixty-five
14 (65), whichever is later. The thirty-five thousand dollar (\$35,000) limit shall increase annually by
15 the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) as
16 published by the United States Department of Labor Statistics determined as of September 30 of
17 the prior calendar year or three percent (3%), whichever is less. The first thirty-five thousand
18 dollars (\$35,000) of retirement allowance, as indexed, shall be multiplied by the percentage of
19 increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the
20 United States Department of Labor Statistics determined as of September 30 of the prior calendar
21 year or three percent (3%), whichever is less, on the month following the anniversary date of each
22 succeeding year. For state employees eligible to retire as of September 30, 2009 or eligible upon
23 passage of this article, and for their beneficiaries, the provisions of this subsection (d) shall not
24 apply.

25 (e) All legislators and all beneficiaries of legislators who are receiving a retirement
26 allowance pursuant to the provisions of § 36-10-9.1 for a period of three (3) or more years, shall,
27 commencing January 1, 1982, receive a cost of living retirement adjustment, in addition to a
28 retirement allowance, in an amount equal to three percent (3%) of the original retirement
29 allowance. In each succeeding year thereafter during the month of January, the retirement
30 allowance shall be increased an additional three percent (3%) of the original retirement
31 allowance, compounded annually, to be continued during the lifetime of the legislator or
32 beneficiary. For the purposes of computation, credit shall be given for a full calendar year
33 regardless of the effective date of the service retirement allowance.

34 (f) The provisions of §§ 45-13-7 -- 45-13-10 shall not apply to this section.

1 (g) This subsection (g) shall be effective for the period July 1, 2012 through June 30,
2 2015.

3 (1) Notwithstanding the prior paragraphs of this section, and subject to paragraph (g)(2)
4 below, for all present and former employees, active and retired members, and beneficiaries
5 receiving any retirement, disability or death allowance or benefit of any kind, the annual benefit
6 adjustment provided in any calendar year under this section shall be equal to: (A) multiplied by
7 (B) where (A) is equal to the percentage determined by subtracting five and one-half percent
8 (5.5%) (the "subtrahend") from the Five-Year Average Investment Return of the retirement
9 system determined as of the last day of the plan year preceding the calendar year in which the
10 adjustment is granted, said percentage not to exceed four percent (4%) and not to be less than
11 zero percent (0%), and (B) is equal to the lesser of the member's retirement allowance or the first
12 twenty-five thousand dollars (\$25,000) of retirement allowance, such twenty-five thousand
13 dollars (\$25,000) amount to be indexed annually in the same percentage as determined under
14 (g)(1)(A) above. The "Five-Year Average Investment Return" shall mean the average of the
15 investment returns of the most recent five (5) plan years as determined by the retirement board.
16 Subject to paragraph (g)(2) below, the benefit adjustment provided by this paragraph shall
17 commence upon the third (3rd) anniversary of the date of retirement or the date on which the
18 retiree reaches his or her Social Security retirement age, whichever is later. In the event the
19 retirement board adjusts the actuarially assumed rate of return for the system, either upward or
20 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

21 (2) Except as provided in paragraph (g)(3), the benefit adjustments under this section for
22 any plan year shall be suspended in their entirety unless the ~~GASB~~ Funded Ratio of the
23 Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the
24 State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis,
25 exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all
26 members for such plan year.

27 In determining whether a funding level under this paragraph (g)(2) has been achieved,
28 the actuary shall calculate the funding percentage after taking into account the reinstatement of
29 any current or future benefit adjustment provided under this section. ~~"GASB Funded Ratio" shall~~
30 ~~mean the ratio of the actuarial value of assets to the actuarial accrued liability.~~

31 (3) Notwithstanding paragraph (g)(2), in each fifth plan year commencing after June 30,
32 2012 commencing with the plan year ending June 30, 2017, and subsequently at intervals of five
33 plan years, a benefit adjustment shall be calculated and made in accordance with paragraph (g)(1)
34 above until the ~~GASB~~ Funded Ratio of the Employees' Retirement System of Rhode Island, the

1 Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated by
2 the system's actuary on an aggregate basis, exceeds eighty percent (80%).

3 (4) Notwithstanding any other provision of this chapter, the provisions of this paragraph
4 (g) of § 36-10-35 shall become effective July 1, 2012 and shall apply to any benefit adjustment
5 not granted on or prior to June 30, 2012.

6 (h) This subsection (h) shall become effective July 1, 2015.

7 (1)(A) As soon as administratively reasonable following the enactment into law of this
8 subsection (h)(1)(A), a one-time benefit adjustment shall be provided to members and/or
9 beneficiaries of members who retired on or before June 30, 2012, in the amount of 2% of the
10 lesser of either the member's retirement allowance or the first twenty-five thousand dollars
11 (\$25,000) of the member's retirement allowance. This one-time benefit adjustment shall be
12 provided without regard to the retiree's age or number of years since retirement.

13 (B) Notwithstanding the prior subsections of this section, for all present and former
14 employees, active and retired members, and beneficiaries receiving any retirement, disability or
15 death allowance or benefit of any kind, the annual benefit adjustment provided in any calendar
16 year under this section for adjustments on and after January 1, 2016, and subject to subsection
17 (h)(2) below, shall be equal to (I) multiplied by (II):

18 (I) Shall equal the sum of fifty percent (50%) of (i) plus fifty percent (50%) of (ii) where:

19 (i) Is equal to the percentage determined by subtracting five and one-half percent (5.5%)
20 (the "subtrahend") from the five-year average investment return of the retirement system
21 determined as of the last day of the plan year preceding the calendar year in which the adjustment
22 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
23 (0%). The "five-year average investment return" shall mean the average of the investment returns
24 of the most recent five (5) plan years as determined by the retirement board. In the event the
25 retirement board adjusts the actuarially assumed rate of return for the system, either upward or
26 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

27 (ii) Is equal to the lesser of three percent (3%) or the percentage increase in the Consumer
28 Price Index for all Urban Consumers (CPI-U) as published by the U.S. Department of Labor
29 Statistics determined as of September 30 of the prior calendar year. In no event shall the sum of
30 (i) plus (ii) exceed three and one-half percent (3.5%) or be less than zero percent (0%).

31 (II) Is equal to the lesser of either the member's retirement allowance or the first twenty-
32 five thousand eight hundred and fifty-five dollars (\$25,855) of retirement allowance, such amount
33 to be indexed annually in the same percentage as determined under subsection (h)(1)(B)(I) above.

34 The benefit adjustments provided by this subsection (h)(1)(B) shall be provided to all

1 retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect,
2 and for all other retirees the benefit adjustments shall commence upon the third anniversary of the
3 date of retirement or the date on which the retiree reaches his or her Social Security retirement
4 age, whichever is later.

5 (2) Except as provided in subsection (h)(3) of this section, the benefit adjustments under
6 subsection (h)(1)(B) for any plan year shall be suspended in their entirety unless the funded ratio
7 of the employees' retirement system of Rhode Island, the judicial retirement benefits trust and the
8 state police retirement benefits trust, calculated by the system's actuary on an aggregate basis,
9 exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all
10 members for such plan year.

11 In determining whether a funding level under this subsection (h)(2) has been achieved,
12 the actuary shall calculate the funding percentage after taking into account the reinstatement of
13 any current or future benefit adjustment provided under this section.

14 (3) Notwithstanding subsection (h)(2), in each fourth plan year commencing after June
15 30, 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of
16 four plan years:

17 (i) A benefit adjustment shall be calculated and made in accordance with subsection
18 (h)(1)(B) above; and

19 (ii) Effective for members and/or beneficiaries of members who retired on or before June
20 30, 2015, the dollar amount in subsection (h)(1)(B)(II) of twenty-five thousand eight hundred and
21 fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand and twenty-six dollars
22 (\$31,026) until the funded ratio of the employees' retirement system of Rhode Island, the judicial
23 retirement benefits trust and the state police retirement benefits trust, calculated by the system's
24 actuary on an aggregate basis, exceeds eighty percent (80%).

25 (i) Effective for members and or beneficiaries of members who have retired on or before
26 July 1, 2015, a one-time stipend of five hundred dollars (\$500) shall be payable within sixty (60)
27 days following the enactment of the legislation implementing this provision, and a second one-
28 time stipend of five hundred dollars (\$500) in the same month of the following year. These
29 stipends shall be payable to all retired members or beneficiaries receiving a benefit as of the
30 applicable payment date and shall not be considered cost of living adjustments under the prior
31 provisions of this § 36-10-3.

32 SECTION 8. Section 36-10.3-1 of the General Laws in Chapter 36-10.3 entitled "Defined
33 Contribution Retirement Plan" is hereby amended to read as follows:

34 **36-10.3-1. Definitions.** -- As used in this chapter, the following terms, unless the context

1 requires a different interpretation, shall have the following meanings:

2 (1) "Compensation" means compensation as defined in section 36-8-1(8).

3 (2) "Employee" means an employee as defined in ~~section §§~~ 36-8-1(9) and 45-21-2(7)
4 and a teacher as defined in § 16-16-1(12), effective July 1, 2012; provided however, effective
5 July 1, 2015, "employee" shall not include any employee with twenty (20) or more years of total
6 service as of June 30, 2012 in the employees retirement system under chapters 8 through 10 of
7 title 36 or chapter 16 of title 16 (ERS), or the municipal employees retirement system under
8 chapter 21 of title 45 (MERS).

9 (3) "Employer" means the State of Rhode Island or the local municipality which employs
10 a member of the Employees Retirement System under chapters 8 through 10 of title 36 or chapter
11 16 of title 16 (ERS) or the Municipal Employees Retirement System under chapters 21 and 21.2
12 of title 45 (MERS).

13 (4) "Plan" means the retirement plan established by this chapter.

14 (5) A "public safety member" shall mean a member of MERS who is a municipal fire
15 fighter or a municipal policeman or policewoman as defined in § 45-21.2-2 who does not
16 participate in Social Security under the Federal Old Age, Survivors, and Disability income
17 program.

18 (6) "Regular member" means:

19 (i) An employee who is a member of ERS other than correctional officers as defined in §
20 36-10-9.2; or

21 (ii) ~~A~~ An employee who is a member of MERS other than a public safety member.

22 (7) The "retirement board" or "board" shall mean the retirement board of the Employees
23 Retirement System of Rhode Island as defined in Chapter 36-8. The retirement board shall be the
24 plan administrator and plan trustee and shall administer the plan in accordance with § 36-8-4.1.

25 (8) "State investment commission" or "commission" means the state investment
26 commission as defined in § 35-10-1.

27 (9) "Supplemental employer" includes any employer that provides supplemental
28 contributions to the defined contribution retirement plan as provided in § 36-10.3-3.

29 (10) "Supplemental member" is defined in § 36-10.3-3.

30 SECTION 9. Section 36-10.3-5 of the General Laws in Chapter 36-10.3 entitled "Defined
31 Contribution Retirement Plan" is hereby amended to read as follows:

32 **36-10.3-5. Employer contributions.** -- (1) An employer shall contribute to each regular
33 member's individual account the following amounts:

34 (i) For members with fewer then ten (10) years of total service as of June 30, 2012, an

1 amount equal to one percent (1%) of the member's compensation at the end of each payroll period
2 from July 1 to the following June 30- :

3 (ii) For members with ten (10) or more, but fewer than fifteen (15) years of total service
4 as of June 30, 2012, an amount equal to one percent (1%) of the member's compensation at the
5 end of each payroll period from July 1, 2012 through June 30, 2015, and effective July 1, 2015,
6 an amount equal to one and one-quarter percent (1.25%) of the member's compensation at the end
7 of each payroll period; and

8 (iii) For members with fifteen (15) or more, but fewer than twenty (20) years of total
9 service as of June 30, 2012, an amount equal to one percent (1%) of the member's compensation
10 at the end of each payroll period from July 1, 2012 through June 30, 2015, and effective July 1,
11 2015, an amount equal to one and one-half percent (1.5%) of the member's compensation at the
12 end of each payroll period from July 1 to the following June 30.

13 (2) An employer shall contribute to the individual account of each public safety member,
14 not participating in Social Security under the Federal Old Age, Survivors and Disability Income
15 program, an amount equal to three percent (3%) of the member's compensation from July 1 to the
16 following June 30.

17 (3) Contributions by supplemental employers shall be governed by § 36-10.3-6.

18 SECTION 10. Chapter 36-10.3 of the General Laws entitled "Defined Contribution
19 Retirement Plan" is hereby amended by adding thereto the following section:

20 **36-10.3-13. Waiver of administrative fees.** – Any plan administration fees assessed to
21 members of the plan after July 1, 2015, shall be reimbursed by the state for any member whose
22 annual compensation is thirty-five thousand dollars (\$35,000) or less, said dollar amount to be
23 indexed annually in the same percentage determined under § 36-10-35(h)(1)(B).

24 SECTION 11. Section 16-16-12 of the General Laws in Chapter 16-16 entitled "Teachers'
25 Retirement is hereby amended to read as follows:

26 **16-16-12. Procedure for service retirement.** -- Retirement of a member on a service
27 retirement allowance shall be made by the retirement board as follows:

28 (a) (i) Any member may retire upon his or her written application to the retirement board
29 as of the first day of the calendar month in which the application was filed, provided the member
30 was separated from service prior to filing the application, and further provided however, that if
31 separation from service occurs during the month in which the application is filed, the effective
32 date shall be the first day following the separation from service, and provided further that the
33 member on retirement date has attained the age of sixty (60) years and has completed at least ten
34 (10) years of contributory service on or before July 1, 2005, or regardless of age has completed

1 twenty-eight (28) years of total service and has completed at least ten (10) years of contributory
2 service on or before July 1, 2005, and who retire before October 1, 2009 or are eligible to retire as
3 of September 30, 2009.

4 (ii) For teachers who become eligible to retire on or after October 1, 2009 and prior to
5 July 1, 2012, benefits are available to teachers who have attained the age of sixty-two (62) and
6 completed at least ten (10) years of contributory service. For teachers in service as of October 1,
7 2009 who were not eligible to retire as of September 30, 2009 but became eligible to retire prior
8 to July 1, 2012, the minimum retirement age of sixty-two (62) will be adjusted downward in
9 proportion to the amount of service the member has earned as of September 30, 2009. The
10 proportional formula shall work as follows:

11 (A) The formula shall determine the first age of retirement eligibility under the laws in
12 effect on September 30, 2009 which shall then be subtracted from the minimum retirement age of
13 sixty-two (62).

14 (B) The formula shall then take the teacher's total service credit as of September 30,
15 2009 as the numerator and the years of service credit determined under (A) as the denominator.

16 (C) The fraction determined in (B) shall then be multiplied by the age difference in (1) to
17 apply a reduction in years from age sixty-two (62).

18 (b) (i) Any member, who has not completed at least ten (10) years of contributory
19 service on or before July 1, 2005, may retire upon his or her written application to the retirement
20 board as of the first day of the calendar month in which the application was filed; provided, the
21 member was separated from service prior thereto; and further provided, however, that if
22 separation from service occurs during the month in which application is filed, the effective date
23 shall be the first day following that separation from service; provided, the member on his or her
24 retirement date had attained the age of fifty-nine (59) and had completed at least twenty-nine (29)
25 years of total service; or provided, that the member on his or her retirement date had attained the
26 age of sixty-five (65) and had completed at least ten (10) years of contributory service; or
27 provided, that the member on his or her retirement date had attained the age of fifty-five (55) and
28 had completed twenty (20) years of total service and provided, that the retirement allowance, as
29 determined according to the formula in § 16-16-13 is reduced actuarially for each month that the
30 age of the member is less than sixty-five (65) years and who retire before October 1, 2009 or are
31 eligible to retire as of September 30, 2009.

32 (ii) For teachers who become eligible to retire on or after October 1, 2009 and prior to
33 July 1, 2012, benefits are available to teachers who have attained the age of sixty-two (62) and
34 have completed at least twenty-nine (29) years of total service or have attained the age of sixty-

1 five (65) and completed at least ten (10) years of contributory service. For teachers in service as
2 of October 1, 2009 who were not eligible to retire as of September 30, 2009 but become eligible
3 to retire prior to July 1, 2012, who have a minimum retirement age of sixty-two (62), the
4 retirement age will be adjusted downward in proportion to the amount of service the member has
5 earned as of September 30, 2009. The proportional formula shall work as follows:

6 (A) The formula shall determine the first age of retirement eligibility under the laws in
7 effect on September 30, 2009 which shall then be subtracted from the minimum retirement age of
8 sixty-two (62).

9 (B) The formula shall then take the teacher's total service credit as of September 30,
10 2009 as the numerator and the years of service credit determined under (A) as the denominator.

11 (C) The fraction determined in (B) shall then be multiplied by the age difference
12 determined in (A) to apply a reduction in years from age sixty-two (62).

13 (c) Effective July 1, 2012, the following shall apply to all teachers not eligible to retire
14 prior to July 1, 2012:

15 (i) A teacher with contributory service on or after July 1, 2012, shall be eligible to retire
16 upon the completion of at least five (5) years of contributory service and attainment of the
17 teacher's Social Security retirement age.

18 (ii) For teachers with five (5) or more years of contributory service as of June 30, 2012,
19 with contributory service on and after July 1, 2012, who have a retirement age of Social Security
20 Retirement Age, the retirement age will be adjusted downward in proportion to the amount of
21 service the teacher has earned as of June 30, 2012, but in no event shall a teacher's retirement age
22 under this subparagraph (ii) be prior to the attainment of age fifty-nine (59) or prior to the
23 teacher's retirement age determined under the laws in effect on June 30, 2012. The proportional
24 formula shall work as follows:

25 (1) The formula shall determine the first age of retirement eligibility under the laws in
26 effect on June 30, 2012 which shall then be subtracted from Social Security retirement age;

27 (2) The formula shall then take the teacher's total service credit as of June 30, 2012 as
28 the numerator and the projected service at retirement age in effect on June 30, 2012 as the
29 denominator;

30 (3) The fraction determined in (2) shall then be multiplied by the age difference
31 determined in (1) to apply a reduction in years from Social Security retirement age.

32 (iii) ~~A~~ [Effective July 1, 2015, a](#) teacher who has completed twenty (20) or more years of
33 total service and who has attained an age within five (5) years of the eligible retirement age under
34 subdivisions (c)(i) or (c)(ii) above [or subsection \(d\) below](#), may elect to retire provided that the

1 retirement allowance shall be reduced actuarially for each month that the age of the teacher is less
2 than the eligible retirement age under subdivisions (c)(i) or (c)(ii) above or subsection (d) below
3 in accordance with the following table:

<u>Year Preceding Retirement</u>	<u>Cumulative Annual Reduction</u>	<u>Cumulative Monthly Reduction</u>
<u>For Year 1</u>	<u>9%</u>	<u>.75%</u>
<u>For Year 2</u>	<u>8%</u>	<u>.667%</u>
<u>For Year 3</u>	<u>7%</u>	<u>.583%</u>
<u>For Year 4</u>	<u>7%</u>	<u>.583%</u>
<u>For Year 5</u>	<u>7%</u>	<u>.583%.</u>

10 (iv) Notwithstanding any other provisions of ~~this~~ section § 16-16-12(c), a teacher who
11 has completed ten (10) or more years of contributory service as of June 30, 2012, may elect to
12 retire at his or her eligible retirement date as determined under subsections (a) and (b) above
13 provided that a teacher making an election under this paragraph shall receive the teacher's
14 retirement benefit determined and calculated based on the teacher's service and average
15 compensation as of June 30, 2012. This provision shall be interpreted and administered in a
16 manner to protect a teacher's accrued benefit on June 30, 2012.

17 (d) Notwithstanding any other provisions of subsection (c) above, effective July 1, 2015,
18 teachers in active service shall be eligible to retire upon the earlier of:

19 (A) The attainment of at least age sixty-five (65) and the completion of at least thirty (30)
20 years of total service, or the attainment of at least age sixty-four (64) and the completion of at
21 least thirty-one (31) years of total service, or the attainment of at least age sixty-three (63) and the
22 completion of at least thirty-two (32) years of total service, or the attainment of at least age sixty-
23 two (62) and the completion of at least thirty-three (33) years of total service; or

24 (B) The teacher's retirement eligibility date under subsections (c)(i) or (c)(ii) above.

25 ~~(d)~~(e) Except as specifically provided in §§ 36-10-9.1, 36-10-12 through 36-10-15, and
26 45-21-19 through 45-21-22, no member shall be eligible for pension benefits under this chapter
27 unless

28 (i) The member shall have been a contributing member of the employees' retirement
29 system for at least ten (10) years; or

30 (ii) For teachers in active contributory service on or after July 1, 2012, the teacher shall
31 have been a contributing member of the employees' retirement system for at least five (5) years.

32 (2) Provided, however, a person who has ten (10) years service credit shall be vested;
33 provided that for teachers in active contributory service on or after July 1, 2012, a teacher who
34 has five (5) years of contributory service shall be vested.

1 (3) Furthermore, any past service credits purchased in accordance with § 36-9-38 shall
2 be counted towards vesting.

3 (4) Any person who becomes a member of the employees' retirement system pursuant to
4 § 45-21-8 shall be considered a contributing member for the purpose of chapter 21 of title 45 and
5 this chapter.

6 (5) Notwithstanding any other provision of law, no more than five (5) years of service
7 credit may be purchased by a member of the system. The five (5) year limit shall not apply to any
8 purchases made prior to January 1, 1995. A member who has purchased more than five (5) years
9 of service credit before January 1, 1995, shall be permitted to apply the purchases towards the
10 member's service retirement. However, no further purchase will be permitted.

11 (6) Notwithstanding any other provision of law, effective July 1, 2012, except for
12 purchases under §§ 16-16-7.1, 36-5-3, 36-9-31, 36-10-10.4, and 45-21-53:

13 (i) For service purchases for time periods prior to a teacher's initial date of hire, the
14 purchase must be made within three (3) years of the teacher's initial date of hire; and

15 (ii) For service purchases for time periods for official periods of leave as authorized by
16 law, the purchase must be made within three (3) years of the time the official leave was
17 concluded by the teacher. Notwithstanding paragraphs (i) and (ii) above, service purchases from
18 time periods prior to June 30, 2012 may be made on or prior to June 30, 2015.

19 ~~(e)~~(f) No member of the teachers' retirement system shall be permitted to purchase
20 service credits for casual or seasonal employment, for employment as a temporary or emergency
21 employee, a page in the general assembly, or for employment at any state college or university
22 while the employee is a student or graduate of the college or university.

23 ~~(f)~~(g) Except as specifically provided in §§ 16-16-6.2 and 16-16-6.4, a member shall not
24 receive service credit in this retirement system for any year or portion of a year which counts as
25 service credit in any other retirement system in which the member is vested or from which the
26 member is receiving a pension and/or any annual payment for life. This subsection shall not apply
27 to any payments received pursuant to the federal Social Security Act, 42 U.S.C. § 301 et seq.

28 ~~(g)~~(h) A member who seeks to purchase or receive service credit in this retirement
29 system shall have the affirmative duty to disclose to the retirement board whether or not he or she
30 is a vested member in any other retirement system and/or is receiving a pension, retirement
31 allowance, or any annual payment for life. The retirement board shall have the right to investigate
32 as to whether or not the member has utilized the same time of service for credit in any other
33 retirement system. The member has an affirmative duty to cooperate with the retirement board
34 including, by way of illustration and not by way of limitation, the duty to furnish or have

1 furnished to the retirement board any relevant information that is protected by any privacy act.

2 ~~(h)~~(i) A member who fails to cooperate with the retirement board shall not have the time
3 of service credit counted toward total service credit until the time the member cooperates with the
4 retirement board and until the time the retirement board determines the validity of the service
5 credit.

6 ~~(h)~~(i) A member who knowingly makes a false statement to the retirement board
7 regarding service time or credit shall not be entitled to a retirement allowance and is entitled only
8 to the return of his or her contributions without interest.

9 SECTION 12. Section 16-16-13 of the General Laws in Chapter 16-16 entitled "Teachers'
10 Retirement is hereby amended to read as follows:

11 **16-16-13. Amount of service retirement allowance.** -- (a) (1) (i) For teachers eligible to
12 retire on or before September 30, 2009, upon retirement from service under section 16-16-12 a
13 teacher whose membership commenced before July 1, 2005 and who has completed at least ten
14 (10) years of contributory service on or before July 1, 2005, shall, receive a retirement allowance
15 which shall be determined in accordance with schedule A for service prior to July 1, 2012.

16 SCHEDULE A

17 YEARS OF SERVICE	PERCENTAGE ALLOWANCE
18 1st through 10th inclusive	1.7%
19 11th through 20th inclusive	1.9%
20 21st through 34th inclusive	3.0%
21 35th	2.0%

22 (ii) For teachers eligible to retire on or after October 1, 2009 who were not eligible to
23 retire on or before September 30, 2009, upon retirement for service under § 16-16-12, a teacher
24 whose membership commenced before July 1, 2005 and who has completed at least ten (10) years
25 of contributory service on or before July 1, 2005 shall receive a retirement allowance which shall
26 be determined in accordance with schedule A above for service on before September 30, 2009,
27 and shall be determined in accordance with schedule B in subsection (a)(2) below for service on
28 or after October 1, 2009 and prior to July 1, 2012:

29 (2) Upon retirement from service under section 16-16-12 a teacher whose membership
30 commenced after July 1, 2005 or who has not completed at least ten (10) years of contributory
31 service as of July 1, 2005 shall receive a retirement allowance which shall be determined in
32 accordance with Schedule B for service prior to July 1, 2012.

33 SCHEDULE B

34 YEARS OF SERVICE	PERCENTAGE ALLOWANCE
---------------------	----------------------

1	1st through 10th inclusive	1.60%
2	11th through 20th inclusive	1.80%
3	21st through 25th inclusive	2.0%
4	26th through 30th inclusive	2.25%
5	31st through 37th inclusive	2.50%
6	38th	2.25%

7 (b) The retirement allowance of any teacher whose membership commenced before July
8 1, 2005 and who has completed at least ten (10) years of contributory service on or before July 1,
9 2005 shall be in an amount equal to the percentage allowance specified in subsection (a)(1) of his
10 or her average highest three (3) consecutive years of compensation multiplied by the number of
11 years of total service, but in no case to exceed eighty percent (80%) of the compensation, payable
12 at completion of thirty-five (35) years of service; provided, however, for teachers retiring on or
13 after October 1, 2009 who were not eligible to retire as of September 30, 2009 the calculation
14 shall be based on the average highest five (5) consecutive years of compensation. The retirement
15 allowance of any teacher whose membership commenced after July 1, 2005 or who has not
16 completed at least ten (10) years of contributory service as of July 1, 2005 shall be in an amount
17 equal to the percentage allowance specified in Schedule B of his or her average highest three (3)
18 consecutive years of compensation multiplied by the number of years of total service, but in no
19 case to exceed seventy-five percent (75%) of the compensation, payable at completion of thirty-
20 eight (38) years of service; provided, however, for teachers retiring on or after October 1, 2009
21 who were not eligible to retire as of September 30, 2009 the calculation shall be based on the
22 average highest five (5) consecutive years of compensation. Any teacher who has in excess of
23 thirty-five (35) years on or before June 2, 1985 shall not be entitled to any refund, and any teacher
24 with thirty-five (35) years or more on or after June 2, 1985 shall contribute from July 1, 1985
25 until his or her retirement.

26 (c) For service prior to July 2012, the retirement allowance of a teacher shall be
27 determined in accordance with subsections (a)(1) and (a)(2) above. For service on and after July
28 1, 2012:

29 (i) For teachers with fewer than twenty (20) years of total service as of June 30, 2012, a
30 teacher's retirement allowance shall be equal to one percent (1%) of the teacher's average
31 compensation multiplied by the teacher's years of total service on and after July 1, 2012; and

32 (ii) For teachers with twenty (20) or more years of total service as of June 30, 2012, a
33 teacher's retirement allowance shall be equal to one percent (1%) of the teacher's average
34 compensation multiplied by the teacher's years of total service between July 1, 2012 and June 30,

1 2015, and two percent (2%) of the teacher's average compensation multiplied by the teacher's
2 years of total service on and after July 1, 2015. For purposes of computing a teacher's total
3 service under the preceding sentence, service purchases shall be included in total service only
4 with respect to those service purchases approved prior to June 30, 2012 and those applications for
5 service purchases received by the retirement system on or before June 30, 2012. In no event shall
6 a teacher's retirement allowance exceed the maximum limitations set forth in subsection (b)
7 above.

8 SECTION 13. Section 16-16-22 of the General Laws in Chapter 16-16 entitled "Teachers'
9 Retirement is hereby amended to read as follows:

10 **16-16-22. Contributions to state system.** -- (a) Prior to July 1, 2012, each teacher shall
11 contribute into the system nine and one-half percent (9.5%) of compensation as his or her share of
12 the cost of annuities, benefits, and allowances. Effective July 1, 2012, each teacher shall
13 contribute an amount equal to three and three quarters percent (3.75%) of his or her
14 compensation. Effective July 1, 2015, each teacher with twenty (20) or more years of total service
15 as of June 30, 2012 shall contribute an amount equal to eleven percent (11%) of his or her
16 compensation. The employer contribution on behalf of teacher members of the system shall be in
17 an amount that will pay a rate percent of the compensation paid to the members, according to the
18 method of financing prescribed in the State Retirement Act in chapters 8 -- 10 and 10.3 of title 36.
19 This amount shall be paid forty percent (40%) by the state, and sixty percent (60%) by the city,
20 town, local educational agency, or any formalized commissioner approved cooperative service
21 arrangement by whom the teacher members are employed, with the exception of teachers who
22 work in federally funded projects and further with the exception of any supplemental
23 contributions by a local municipality employer under chapter 36-10.3 which supplemental
24 employer contributions shall be made wholly by the local municipality. Provided, however, that
25 the rate percent paid shall be rounded to the nearest hundredth of one percent (.01%).

26 (b) The employer contribution on behalf of teacher members of the system who work in
27 fully or partially federally funded programs shall be prorated in accordance with the share of the
28 contribution paid from the funds of the federal, city, town, or local educational agency, or any
29 formalized commissioner approved cooperative service arrangement by whom the teacher
30 members are approved.

31 (c) In case of the failure of any city, town, or local educational agency, or any formalized
32 commissioner approved cooperative service arrangement to pay to the state retirement system the
33 amounts due from it under this section within the time prescribed, the general treasurer is
34 authorized to deduct the amount from any money due the city, town, or local educational agency

1 from the state.

2 (d) The employer's contribution shared by the state shall be paid in the amounts
3 prescribed in this section for the city, town, or local educational agency and under the same
4 payment schedule. Notwithstanding any other provisions of this chapter, the city, town, or local
5 educational agency or any formalized commissioner approved cooperative service arrangement
6 shall remit to the general treasurer of the state the local employer's share of the teacher's
7 retirement payments on a monthly basis, payable by the fifteenth (15th) of the following month.
8 The amounts that would have been contributed shall be deposited by the state in a special fund
9 and not used for any purpose. The general treasurer, upon receipt of the local employer's share,
10 shall effect transfer of a matching amount of money from the state funds appropriated for this
11 purpose by the general assembly into the retirement fund.

12 Upon reconciliation of the final amount owed to the retirement fund for the employer
13 share, the state shall ensure that any local education aid reduction assumed for the FY 2010
14 revised budget in excess of the actual savings is restored to the respective local entities.

15 (e) This section is not subject to §§ 45-13-7 through 45-13-10.

16 SECTION 14. Section 16-16-40 of the General Laws in Chapter 16-16 entitled "Teachers'
17 Retirement is hereby amended to read as follows:

18 **16-16-40. Additional benefits payable to retired teachers.** -- (a) All teachers and all
19 beneficiaries of teachers receiving any service retirement or ordinary or accidental disability
20 retirement allowance pursuant to the provisions of this chapter and chapter 17 of this title, on or
21 before December 31, 1967, shall receive a cost of living retirement adjustment equal to one and
22 one-half percent (1.5%) per year of the original retirement allowance, not compounded, for each
23 year the retirement allowance has been in effect. For purposes of computation credit shall be
24 given for a full calendar year regardless of the effective date of the retirement allowance. This
25 cost of living retirement adjustment shall be added to the amount of the service retirement
26 allowance as of January 1, 1970, and payment shall begin as of July 1, 1970. An additional cost
27 of living retirement adjustment shall be added to the original retirement allowance equal to three
28 percent (3%) of the original retirement allowance on the first day of January, 1971, and each year
29 thereafter through December 31, 1980.

30 (b) All teachers and beneficiaries of teachers receiving any service retirement or ordinary
31 disability retirement allowance pursuant to the provisions of this title who retired on or after
32 January 1, 1968, shall, on the first day of January, next following the third (3rd) year on
33 retirement, receive a cost of living adjustment, in addition to his or her retirement allowance, an
34 amount equal to three percent (3%) of the original retirement allowance. In each succeeding year

1 thereafter, on the first day of January, the retirement allowance shall be increased an additional
2 three percent (3%) of the original retirement allowance, not compounded, to be continued through
3 December 31, 1980.

4 (c) (1) Beginning on January 1, 1981, for all teachers and beneficiaries of teachers
5 receiving any service retirement and all teachers and all beneficiaries of teachers who have
6 completed at least ten (10) years of contributory service on or before July 1, 2005, pursuant to the
7 provisions of this chapter, and for all teachers and beneficiaries of teachers who receive a
8 disability retirement allowance pursuant to §§ 16-16-14 -- 16-16-17, the cost of living adjustment
9 shall be computed and paid at the rate of three percent (3%) of the original retirement allowance
10 or the retirement allowance as computed in accordance with § 16-16-40.1, compounded annually
11 from the year for which the cost of living adjustment was determined to be payable by the
12 retirement board pursuant to the provisions of subsection (a) or (b) of this section. Such cost of
13 living adjustments are available to teachers who retire before October 1, 2009 or are eligible to
14 retire as of September 30, 2009.

15 (2) The provisions of this subsection shall be deemed to apply prospectively only and no
16 retroactive payment shall be made.

17 (3) The retirement allowance of all teachers and all beneficiaries of teachers who have
18 not completed at least ten (10) years of contributory service on or before July 1, 2005 or were not
19 eligible to retire as of September 30, 2009, shall, on the month following the third anniversary
20 date of the retirement, and on the month following the anniversary date of each succeeding year
21 be adjusted and computed by multiplying the retirement allowance by three percent (3%) or the
22 percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as
23 published by the United States Department of Labor Statistics, determined as of September 30 of
24 the prior calendar year, whichever is less; the cost of living adjustment shall be compounded
25 annually from the year for which the cost of living adjustment was determined payable by the
26 retirement board; provided, that no adjustment shall cause any retirement allowance to be
27 decreased from the retirement allowance provided immediately before such adjustment.

28 (d) For teachers not eligible to retire in accordance with this chapter as of September 30,
29 2009 and not eligible upon passage of this article, and for their beneficiaries, the cost of living
30 adjustment described in subsection (3) above shall only apply to the first thirty-five thousand
31 dollars (\$35,000) of retirement allowance, indexed annually, and shall commence upon the third
32 (3rd) anniversary of the date of retirement or when the retiree reaches age sixty-five (65),
33 whichever is later. The thirty-five thousand dollar (\$35,000) limit shall increase annually by the
34 percentage increase in the Consumer Price Index for all Urban Consumer (CPI-U) as published

1 by the United States Department of Labor Statistics determined as of September 30 of the prior
2 calendar year or three percent (3%), whichever is less. The first thirty-five thousand dollars
3 (\$35,000), as indexed, of retirement allowance shall be multiplied by the percentage of increase
4 in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States
5 Department of Labor Statistics determined as of September 30 of the prior calendar year or three
6 percent (3%), whichever is less, on the month following the anniversary date of each succeeding
7 year. For teachers eligible to retire as of September 30, 2009 or eligible upon passage of this
8 article, and for their beneficiaries, the provisions of this subsection (d) shall not apply.

9 (e) [This subsection \(e\) shall be effective for the period July 1, 2012 through June 30,](#)
10 [2015.](#)

11 (1) Notwithstanding the prior paragraphs of this section, and subject to paragraph (e)(2)
12 below, for all present and former teachers, active and retired teachers, and beneficiaries receiving
13 any retirement, disability or death allowance or benefit of any kind, the annual benefit adjustment
14 provided in any calendar year under this section shall be equal to (A) multiplied by (B) where (A)
15 is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the
16 "subtrahend") from the Five-Year Average Investment Return of the retirement system
17 determined as of the last day of the plan year preceding the calendar year in which the adjustment
18 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
19 (0%), and (B) is equal to the lesser of the teacher's retirement allowance or the first twenty-five
20 thousand dollars (\$25,000) of retirement allowance, such twenty-five thousand dollars (\$25,000)
21 amount to be indexed annually in the same percentage as determined under paragraph (e)(1)(A)
22 above. The "Five-Year Average Investment Return" shall mean the average of the investment
23 returns of the most recent five (5) plan years as determined by the retirement board. Subject to
24 paragraph (e)(2) below, the benefit adjustment provided by this paragraph shall commence upon
25 the third (3rd) anniversary of the date of retirement or the date on which the retiree reaches his or
26 her Social Security retirement age, whichever is later. In the event the retirement board adjusts
27 the actuarially assumed rate of return for the system, either upward or downward, the subtrahend
28 shall be adjusted either upward or downward in the same amount.

29 (2) Except as provided in paragraph (e)(3), the benefit adjustments under this section for
30 any plan year shall be suspended in their entirety unless the ~~GASB~~ Funded Ratio of the
31 Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the
32 State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis,
33 exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all
34 teachers for such plan year.

1 In determining whether a funding level under this paragraph (e)(2) has been achieved,
2 the actuary shall calculate the funding percentage after taking into account the reinstatement of
3 any current or future benefit adjustment provided under this section. ~~"GASB Funded Ratio" shall~~
4 ~~mean the ratio of the actuarial value of assets to the actuarial accrued liability.~~

5 (3) Notwithstanding paragraph (e)(2), in each fifth plan year commencing after June 30,
6 2012 commencing with the plan year ending June 30, 2017, and subsequently at intervals of five
7 plan years, a benefit adjustment shall be calculated and made in accordance with paragraph (e)(1)
8 above until the GASB Funded Ratio of the Employees' Retirement System of Rhode Island, the
9 Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated by
10 the system's actuary on an aggregate basis, exceeds eighty percent (80%).

11 (4) Notwithstanding any other provisions of this chapter, the provisions of this paragraph
12 (e) of § 16-16-40 shall become effective July 1, 2012, and shall apply to any benefit adjustments
13 not granted on or prior to June 30, 2012.

14 (f) This subsection (f) shall become effective July 1, 2015.

15 (1)(A) As soon as administratively reasonable following the enactment into law of this
16 subsection (f)(1)(A), a one-time benefit adjustment shall be provided to teachers and/or
17 beneficiaries of teachers who retired on or before June 30, 2012, in the amount of two percent
18 (2%) of the lesser of either the teacher's retirement allowance or the first twenty-five thousand
19 dollars (\$25,000) of the teacher's retirement allowance. This one-time benefit adjustment shall be
20 provided without regard to the retiree's age or number of years since retirement.

21 (B) Notwithstanding the prior subsections of this section, for all present and former
22 teachers, active and retired teachers, and beneficiaries receiving any retirement, disability or
23 death allowance or benefit of any kind, the annual benefit adjustment provided in any calendar
24 year under this section for adjustments on and after January 1, 2016, and subject to subsection
25 (f)(2) below, shall be equal to (I) multiplied by (II):

26 (I) Shall equal the sum of fifty percent (50%) of (i) plus fifty percent (50%) of (ii) where:

27 (i) Is equal to the percentage determined by subtracting five and one-half percent (5.5%)
28 (the "subtrahend") from the five-year average investment return of the retirement system
29 determined as of the last day of the plan year preceding the calendar year in which the adjustment
30 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
31 (0%). The "five-year average investment return" shall mean the average of the investment returns
32 of the most recent five (5) plan years as determined by the retirement board. In the event the
33 retirement board adjusts the actuarially assumed rate of return for the system, either upward or
34 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

1 (ii) Is equal to the lesser of three percent (3%) or the percentage increase in the Consumer
2 Price Index for all Urban Consumers (CPI-U) as published by the U.S. Department of Labor
3 Statistics determined as of September 30 of the prior calendar year.

4 In no event shall the sum of (i) plus (ii) exceed three and one-half percent (3.5%) or be
5 less than (0%) percent.

6 (II) is equal to the lesser of either the teacher's retirement allowance or the first twenty-
7 five thousand eight hundred and fifty-five dollars (\$25,855) of retirement allowance, such amount
8 to be indexed annually in the same percentage as determined under subsection (f)(1)(B)(I) above.

9 The benefit adjustments provided by this subsection (f)(1)(B) shall be provided to all
10 retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect,
11 and for all other retirees the benefit adjustments shall commence upon the third anniversary of the
12 date of retirement or the date on which the retiree reaches his or her Social Security retirement
13 age, whichever is later.

14 (2) Except as provided in subsection (f)(3), the benefit adjustments under subsection
15 (f)(1)(B) for any plan year shall be suspended in their entirety unless the funded ratio of the
16 employees' retirement system of Rhode Island, the judicial retirement benefits trust and the state
17 police retirement benefits trust, calculated by the system's actuary on an aggregate basis, exceeds
18 eighty percent (80%) in which event the benefit adjustment will be reinstated for all teachers for
19 such plan year.

20 In determining whether a funding level under this subsection (f)(2) has been achieved, the
21 actuary shall calculate the funding percentage after taking into account the reinstatement of any
22 current or future benefit adjustment provided under this section.

23 (3) Notwithstanding subsection (f)(2), in each fourth plan year commencing after June
24 30, 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of
25 four plan years: (i) A benefit adjustment shall be calculated and made in accordance with
26 subsection (f)(1)(B) above; and (ii) Effective for teachers and/or beneficiaries of teachers who
27 retired on or before June 30, 2015, the dollar amount in subsection (f)(1)(B)(II) of twenty-five
28 thousand eight hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand
29 and twenty-six dollars (\$31,026) until the funded ratio of the employees' retirement system of
30 Rhode Island, the judicial retirement benefits trust and the state police retirement benefits trust,
31 calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

32 (4) Effective for teachers and or beneficiaries of teachers who have retired on or before
33 July 1, 2015, a one-time stipend of five hundred dollars (\$500) shall be payable within sixty (60)
34 days following the enactment of the legislation implementing this provision, and a second one-

1 [time stipend of five hundred dollars \(\\$500\) in the same month of the following year. These](#)
2 [stipends shall be payable to all retired teachers or beneficiaries receiving a benefit as of the](#)
3 [applicable payment date and shall not be considered cost of living adjustments under the prior](#)
4 [provisions of this § 16-16-40.](#)

5 SECTION 15. Section 45-21-2 of the General Laws in Chapter 45-21 entitled
6 "Retirement of Municipal Employees" is hereby amended to read as follows:

7 **45-21-2. Definitions.** -- The following words and phrases as used in this chapter have the
8 following meanings unless a different meaning is plainly required by the context:

9 (1) "Accumulated contributions" means the sum of all amounts deducted from the
10 compensation of a member and credited to his or her individual account in the members'
11 contribution reserve account.

12 (2) "Active member" means any employee of a participating municipality as defined in
13 this section for whom the retirement system is currently receiving regular contributions pursuant
14 to §§ 45-21-41, 45-21-41.1 or 45-21.2-14.

15 (3) "Actuarial reserve" means the present value of all payments to be made on account of
16 any annuity, retirement allowance, or benefit, computed upon the basis of mortality tables
17 adopted by the retirement board with regular interest.

18 (4) "Beneficiary" means any person in receipt of a retirement allowance, annuity, or
19 other benefit as provided by this chapter.

20 (5) For purposes of this chapter, "domestic partner" shall be defined as a person who,
21 prior to the decedent's death, was in an exclusive, intimate and committed relationship with the
22 decedent, and who certifies by affidavit that their relationship met the following qualifications:

23 (i) Both partners were at least eighteen (18) years of age and were mentally competent to
24 contract;

25 (ii) Neither partner was married to anyone else;

26 (iii) Partners were not related by blood to a degree which would prohibit marriage in the
27 state of Rhode Island;

28 (iv) Partners resided together and had resided together for at least one year at the time of
29 death; and

30 (v) Partners were financially interdependent as evidenced by at least two (2) of the
31 following:

32 (A) Domestic partnership agreement or relationship contract;

33 (B) Joint mortgage or joint ownership of primary residence;

34 (C) Two (2) of: (I) Joint ownership of motor vehicle; (II) Joint checking account; (III)

1 Joint credit account; (IV) Joint lease; and/or

2 (D) The domestic partner had been designated as a beneficiary for the decedent's will,
3 retirement contract or life insurance.

4 (6) "Effective date of participation" means the date on which the provisions of this
5 chapter have become applicable to a municipality accepting the provisions of the chapter in the
6 manner stated in § 45-21-4.

7 (7) "Employee" means any regular and permanent employee or officer of any
8 municipality, whose business time at a minimum of twenty (20) hours a week is devoted to the
9 service of the municipality, including elective officials and officials and employees of city and
10 town housing authorities. Notwithstanding the previous sentence, the term "employee", for the
11 purposes of this chapter, does not include any person whose duties are of a casual or seasonal
12 nature. The retirement board shall decide who are employees within the meaning of this chapter,
13 but in no case shall it deem as an employee any individual who annually devotes less than twenty
14 (20) business hours per week to the service of the municipality and who receives less than the
15 equivalent of minimum wage compensation on an hourly basis for his or her services, except as
16 provided in § 45-21-14.1. Casual employees mean those persons hired for an occasional period or
17 a period of emergency to perform special jobs or functions not necessarily related to the work of
18 regular employees. Any commissioner of a municipal housing authority, or any member of a part-
19 time state board commission, committee or other authority is not deemed to be an employee
20 within the meaning of this chapter.

21 (8)(a) "Final compensation" for members who are eligible to retire on or prior to June
22 30, 2012 ~~shall~~ means the average annual compensation, pay, or salary of a member for services
23 rendered during the period of three (3) consecutive years within the total service of the member
24 when the average was highest, and as the term average annual compensation is further defined in
25 subdivision 36-8-1(5)(a). For members eligible to retire on or after July 1, 2012, "final
26 compensation" means the average of the highest five (5) consecutive years of compensation
27 within the total service when the final compensation was the highest.

28 (b) For members who become eligible to retire on or after July 1, 2012, if more than one
29 half (1/2) of the member's total years of service consist of years of service during which the
30 member devoted less than thirty (30) business hours per week to the service of the municipality,
31 but the member's average compensation consists of three (3) or more years during which the
32 member devoted more than thirty (30) business hours per week to the service of a municipality,
33 such member's average compensation shall mean the average of the highest ten (10) consecutive
34 years of compensation within the total service when the average compensation was the highest;

1 provided however, effective July 1, 2015, if such member's average compensation as defined in
2 subsection (a) above is equal to or less than thirty-five thousand dollars (\$35,000), such amount
3 to be indexed annually in accordance with § 45-21-52(d)(1)(B), such member's average
4 compensation shall mean the greater of: (i) The average of the highest ten (10) consecutive years
5 of compensation within the total service when the average compensation was the highest; or (ii)
6 The member's average compensation as defined in subsection (a) above. To protect a member's
7 accrued benefit on June 30, 2012 under this § 45-21-2(8)(b), in no event shall a member's average
8 compensation be lower than his or her average compensation determined as of June 30, 2012.
9 Notwithstanding the preceding provisions, in no event shall a member's final compensation be
10 lower than his or her final compensation determined as of June 30, 2012.

11 (9) "Fiscal year" means the period beginning on July 1 in any year and ending on June
12 30 of the next succeeding year.

13 (10) "Full actuarial costs" or "full actuarial value" mean the lump sum payable by a
14 member claiming service credit for certain employment for which payment is required, which is
15 determined according to the age of the member and his or her annual rate of compensation at the
16 time he or she applies for service credit, and which is expressed as a rate percent of the annual
17 rate of compensation to be multiplied by the number of years for which he or she claims the
18 service credit, as prescribed in a schedule adopted by the retirement board, from time to time, on
19 the basis of computation by the actuary. Except as provided in §§ 16-16-7.1, 36-5-3, 36-9-31, 36-
20 10-10.4, and subdivision 45-21-53: (i) All service credit purchases requested after June 16, 2009
21 and prior to July 1, 2012, shall be at full actuarial value; and (ii) All service credit purchases
22 requested after June 30, 2012 shall be at full actuarial value which shall be determined using the
23 system's assumed investment rate of return minus one percent (1%).

24 (11) "Governing body" means any and all bodies empowered to appropriate monies for,
25 and administer the operation of, the units as defined in subdivision (1) of this section.

26 (12) "Member" means any person included in the membership of the retirement system
27 as provided in § 45-21-8.

28 (13) "Municipality" means any town or city in the state of Rhode Island, any city or town
29 housing authority, fire, water, sewer district, regional school district, public building authority as
30 established by chapter 14 of title 37, or any other municipal financed agency to which the
31 retirement board has approved admission in the retirement system.

32 (14) "Participating municipality" means any municipality which has accepted this
33 chapter, as provided in § 45-21-4.

34 (15) "Prior service" means service as a member rendered before the effective date of

1 participation as defined in this section, certified on his or her prior service certificate, and
2 allowable as provided in § 45-21-15.

3 (16) "Regular interest" means interest at the assumed investment rate of return,
4 compounded annually, as may be prescribed from time to time by the retirement board.

5 (17) "Retirement allowance" or "annuity" means the amounts paid to any member of the
6 municipal employees' retirement system of the state of Rhode Island, or a survivor of the
7 member, as provided in this chapter. All retirement allowances or annuities shall be paid in equal
8 monthly installments for life, unless otherwise specifically provided.

9 (18) "Retirement board" or "board" means the state retirement board created by chapter 8
10 of title 36.

11 (19) "Retirement system" means the "municipal employees' retirement system of the
12 state of Rhode Island" as defined in § 45-21-32.

13 (20) "Service" means service as an employee of a municipality of the state of Rhode
14 Island as defined in subdivision (7).

15 (21) "Total service" means prior service as defined in subdivision (15) plus service
16 rendered as a member on or after the effective date of participation.

17 (22) Any term not specifically defined in this chapter and specifically defined in chapters
18 36-8 through 36-10 shall have the same definition as set forth in chapters 36-8 through 36-10.

19 SECTION 16. Section 45-21-16 of the General Laws in Chapter 45-21 entitled
20 "Retirement of Municipal Employees" is hereby amended to read as follows:

21 **45-21-16. Retirement on service allowance.** -- Retirement of a member on a service
22 retirement allowance shall be made by the retirement board as follows:

23 (1) (i) Any member who is eligible to retire on or before June 30, 2012, may retire upon
24 the member's written application to the retirement board as of the first day of the calendar month
25 in which the application was filed, provided the member was separated from service prior to the
26 application, and provided, further, that if separation from service occurs during the month in
27 which application is filed, the effective date is the first day following the separation from service,
28 provided that the member at the time so specified for the member's retirement has attained the
29 applicable minimum retirement age and has completed at least ten (10) years of total service or
30 who, regardless of age, completed thirty (30) years of total service, and notwithstanding that
31 during the period of notification the member has separated from service. The minimum ages for
32 service retirement (except for employees completing thirty (30) years of service) is fifty-eight
33 (58) years.

34 (ii) Effective July 1, 2012, the following shall apply to all members not eligible to retire

1 prior to July 1, 2012:

2 (A) A member with contributory service on or after July 1, 2012, shall be eligible to
3 retire upon the completion of at least five (5) years of contributory service and attainment of the
4 member's Social Security retirement age.

5 (B) For members with five (5) or more years of contributory service as of June 30, 2012,
6 with contributory service on and after July 1, 2012, who have a retirement age of Social Security
7 Retirement Age, the retirement age will be adjusted downward in proportion to the amount of
8 service the member has earned as of June 30, 2012, but in no event shall a member's retirement
9 age under this subparagraph (B) be prior to the attainment of age fifty-nine (59) or prior to the
10 member's retirement age determined under the laws in effect on June 30, 2012. The proportional
11 formula shall work as follows:

12 (1) The formula shall determine the first age of retirement eligibility under the laws in
13 effect on June 30, 2012 which shall then be subtracted from Social Security retirement age;

14 (2) The formula shall then take the member's total service credit as of June 30, 2012 as
15 the numerator and the projected service at retirement age in effect on June 30, 2012 as the
16 denominator;

17 (3) The fraction determined in (2) shall then be multiplied by the age difference
18 determined in (1) to apply a reduction in years from Social Security retirement age.

19 (C) ~~A~~ [Effective July 1, 2015](#), a member who has completed twenty (20) or more years of
20 total service and who has attained an age within five (5) years of the eligible retirement age under
21 subparagraphs (ii)(A) or (ii)(B) above [or subsection \(iii\) below](#), may elect to retire provided that
22 the retirement allowance shall be reduced actuarially for each month that the age of the member is
23 less than the eligible retirement age under subparagraphs (ii)(A) or (ii)(B) above [or subsection](#)
24 [\(iii\) below in accordance with the following table](#):

Year Preceding Retirement	Cumulative Annual Reduction	Cumulative Monthly Reduction
For Year 1	9%	.75%
For Year 2	8%	.667%
For Year 3	7%	.583%
For Year 4	7%	.583%
For Year 5	7%	.583%

31 (D)(1) Notwithstanding any other provisions of section 42-21-16(1)(ii), a member who
32 has completed ten (10) or more years of contributory service as of June 30, 2012, may elect to
33 retire at his or her eligible retirement date as determined under paragraph (i) above provided that
34 a member making an election under this paragraph shall receive the member's retirement benefit

1 determined and calculated based on the member's service and average compensation as of June
2 30, 2012. This provision shall be interpreted and administered in a manner to protect a member's
3 accrued benefit on June 30, 2012.

4 (iii) Notwithstanding any other provisions of subsection (ii) above, effective July 1, 2015,
5 members in active service shall be eligible to retire upon the earlier of: (I) The attainment of at
6 least age sixty-five (65) and the completion of at least thirty (30) years of total service, or the
7 attainment of at least age sixty-four (64) and the completion of at least thirty-one (31) years of
8 total service, or the attainment of at least age sixty-three (63) and the completion of at least thirty-
9 two (32) years of total service, or the attainment of at least age sixty-two (62) and the completion
10 of at least thirty-three (33) years of total service; or (II) The member's retirement eligibility date
11 under subsections (ii)(A) or (ii)(B) above.

12 (2) Except as specifically provided in §§ 45-21-19 -- 45-21-22, no member is eligible for
13 pension benefits under this chapter unless:

14 (I) On or prior to June 30, 2012 the member has been a contributing member of the
15 employees' retirement system for at least ten (10) years; or

16 (II) For members in active contributory service on or after July 1, 2012, the member
17 shall have been a contributing member of the employees' retirement system for at least five (5)
18 years.

19 (i) Provided, however, a person who has ten (10) years service credit on or before June
20 16, 1991 is vested.

21 (ii) Furthermore, any past service credits purchased in accordance with § 45-21-62 are
22 counted towards vesting.

23 (iii) Any person who becomes a member of the employees' retirement system pursuant to
24 § 45-21-4 shall be considered a contributing member for the purpose of this chapter.

25 (iv) Notwithstanding any other provision of law, no more than five (5) years of service
26 credit may be purchased by a member of the System. The five (5)-year limit does not apply to any
27 purchases made prior to the effective date of this provision. A member who has purchased more
28 than five (5) years of service credit maximum, before January 1, 1995, shall be permitted to apply
29 the purchases towards the member's service retirement. However, no further purchase will be
30 permitted. Repayment, in accordance with applicable law and regulation, of any contribution
31 previously withdrawn from the System is not deemed a purchase of service credit.

32 (v) Notwithstanding any other provision of law, effective July 1, 2012, except for
33 purchases under §§ 16-16-7.1, 36-5-3, 36-9-31, 36-10-10.4, and 45-21-53:

34 (I) For service purchases for time periods prior to a member's initial date of hire; the

1 purchase must be made within three (3) years of the member's initial date of hire; and

2 (II) For service purchases for time periods for official periods of leave as authorized by
3 law, the purchase must be made within three (3) years of the time the official leave was
4 concluded by the member.

5 Notwithstanding (I) and (II) above, service purchases from time periods prior to June 30,
6 2012 may be made on or prior to June 30, 2015.

7 (3) No member of the municipal employees' retirement system is permitted to purchase
8 service credits for casual, temporary, emergency or seasonal employment, for employment as a
9 page in the general assembly, or for employment at any state college or university while the
10 employee is a student or graduate assistant of the college or university.

11 (4) A member does not receive service credit in this retirement system for any year or
12 portion of a year, which counts as service credit in any other retirement system in which the
13 member is vested or from which the member is receiving a pension and/or any annual payment
14 for life. This subsection does not apply to any payments received pursuant to the Federal Social
15 Security Act or to payments from a military pension earned prior to participation in state or
16 municipal employment, or to military service credits earned prior to participation in state or
17 municipal employment.

18 (5) A member who seeks to purchase or receive service credit in this retirement system
19 has the affirmative duty to disclose to the retirement board whether or not he or she is a vested
20 member in any other retirement system and/or is receiving a pension retirement allowance or any
21 annual payment for life. The retirement board has the right to investigate whether or not the
22 member has utilized the same time of service for credit in any other retirement system. The
23 member has an affirmative duty to cooperate with the retirement board including, by way of
24 illustration and not by way of limitation, the duty to furnish or have furnished to the retirement
25 board any relevant information which is protected by any privacy act.

26 (6) A member who fails to cooperate with the retirement board shall not have the time of
27 service counted toward total service credit until a time that the member cooperates with the
28 retirement board and until a time that the retirement board determines the validity of the service
29 credit.

30 (7) A member who knowingly makes a false statement to the retirement board regarding
31 service time or credit is not entitled to a retirement allowance and is entitled only to the return of
32 his or her contributions without interest.

33 SECTION 17. Section 45-21-17 of the General Laws in Chapter 45-21 entitled
34 "Retirement of Municipal Employees" is hereby amended to read as follows:

1 **45-21-17. Service retirement allowance.** -- (a) Upon retirement from service after
2 January 1, 1969, a member shall receive a retirement allowance which is a life annuity terminable
3 upon death of the annuitant and is an amount is equal to two percent (2%) of final compensation
4 multiplied by the number of years of total service, not to exceed thirty-seven and one-half (37
5 1/2) years for services on and prior to June 30, 2012. For service on and after July 1, 2012: (i) For
6 members with fewer than twenty (20) years of total service as of June 30, 2012, a member's
7 retirement allowance shall be equal to one percent (1%) of the member's final compensation
8 multiplied by the member's years of total service on and after July 1, 2012; and (ii) For members
9 with twenty (20) or more years of total service as of June 30, 2012, a member's retirement
10 allowance shall be equal to one percent (1%) of the member's average compensation multiplied
11 by the member's years of total service between July 1, 2012 and June 30, 2015, and two percent
12 (2%) of the member's average compensation multiplied by the member's years of total service on
13 and after July 1, 2015. For purposes of computing a member's total service under the preceding
14 sentence, service purchases shall be included in total service only with respect to those service
15 purchases approved prior to June 30, 2012 and those applications for service purchases received
16 by the retirement system on or before June 30, 2012. In no event shall a member's retirement
17 allowance exceed seventy-five percent (75%) of the member's final compensation. Provided,
18 however, that every person elected prior to July 1, 2012 who has served as a part time elected
19 official of the city of Cranston for a period of ten (10) years, is entitled to receive, upon
20 retirement from that part time service, and not being otherwise regularly employed by the city of
21 Cranston in which that person has served, a service retirement allowance equivalent to fifty
22 percent (50%) of the salary received at the time of retirement by that part time elected official;
23 and, provided, further, that if that person retires after a period of service greater than ten (10)
24 years, the person is entitled to receive an additional service retirement allowance equivalent to
25 five percent (5%) of the salary received at the time of retirement for each whole year of service,
26 in excess of ten (10) years up to a maximum additional allowance equivalent to fifty percent
27 (50%) of the salary received.

28 (b) This section also applies to any former part time elected official of the city of
29 Cranston who is presently receiving retirement benefits from the municipal retirement system.

30 (c) Every person elected prior to July 1, 2012 who serves or has served at least four (4)
31 years as a part time elected official of the city of Cranston may include that person's years of
32 service as a member of the general assembly, and any other credits acquired while serving as a
33 legislator, when computing the person's period of service to the city of Cranston pursuant to the
34 provisions of this section.

1 SECTION 18. Section 45-21-41 of the General Laws in Chapter 45-21 entitled
2 "Retirement of Municipal Employees" is hereby amended to read as follows:

3 **45-21-41. Members' contributions -- Payroll deductions -- Certification to board. --**

4 (a) Prior to July 1, 2012, each member shall contribute an amount equal to six percent (6%) of
5 salary or compensation earned and accruing to the member; provided, that contributions by any
6 member cease when the member has completed the maximum amount of service credit attainable.
7 Special compensation for additional fees shall not be considered as compensation for contribution
8 purposes. Effective July 1, 2012, each member shall contribute an amount equal to one percent
9 (1%) of his or her compensation as his or her share of the cost. [Effective July 1, 2015, each](#)
10 [member with twenty \(20\) or more years of total service as of June 30, 2012 shall contribute an](#)
11 [amount equal to eight and one-quarter percent \(8.25%\) of compensation.](#)

12 (b) Each municipality shall deduct the previously stated rate from the compensation of
13 each member on each and every payroll of the municipality, and the deduction made during the
14 entire time a member is in service subject to termination as stated in the foregoing paragraph.

15 (c) The deductions provided for in this section shall be made notwithstanding that the
16 minimum compensation provided for by law for any member is reduced by the compensation.
17 Every member is deemed to consent and agree to the deductions made and provided for in this
18 section, and shall receipt for his or her full salary or compensation; and payment of salary or
19 compensation less those deductions are a full and complete discharge and acquittance of all
20 claims and demands for the services rendered by the person during the period covered by the
21 payment except as to the benefits provided under this chapter. Each participating municipality
22 shall certify to the retirement board the amounts deducted from the compensation of members.
23 Each of the amounts, when deducted, shall be credited to an individual account of the member
24 from whose compensation the deduction was made.

25 SECTION 19. Section 45-21-52 of the General Laws in Chapter 45-21 entitled
26 "Retirement of Municipal Employees" is hereby amended to read as follows:

27 **45-21-52. Automatic increase in service retirement allowance. --** (a) The local

28 legislative bodies of the cities and towns may extend to their respective employees automatic
29 adjustment increases in their service retirement allowances, by a resolution accepting any of the
30 plans described in this section:

31 (1) Plan A. - All employees and beneficiaries of those employees receiving a service
32 retirement or disability retirement allowance under the provisions of this chapter on December 31
33 of the year their city or town accepts this section, receive a cost of living adjustment equal to one
34 and one-half percent (1 1/2%) per year of the original retirement allowance, not compounded, for

1 each calendar year the retirement allowance has been in effect. This cost of living adjustment is
2 added to the amount of the retirement allowance as of January 1 following acceptance of this
3 provision, and an additional one and one-half percent (1 1/2%) is added to the original retirement
4 allowance in each succeeding year during the month of January, and provided, further, that this
5 additional cost of living increase is three percent (3%) for the year beginning January 1 of the
6 year the plan is accepted and each succeeding year.

7 (2) Plan B. - All employees and beneficiaries of those employees receiving a retirement
8 allowance under the provisions of this chapter on December 31 of the year their municipality
9 accepts this section, receive a cost of living adjustment equal to three percent (3%) of their
10 original retirement allowance. This adjustment is added to the amount of the retirement allowance
11 as of January 1 following acceptance of this provision, and an additional three percent (3%) of the
12 original retirement allowance, not compounded, is payable in each succeeding year in the month
13 of January.

14 (3) Plan C. - All employees and beneficiaries of those employees who retire on or after
15 January 1 of the year following acceptance of this section, on the first day of January next
16 following the date of the retirement, receive a cost of living adjustment in an amount equal to
17 three percent (3%) of the original retirement allowance.

18 (b) In each succeeding year in the month of January, the retirement allowance is
19 increased an additional three percent (3%) of the original retirement allowance, not compounded.

20 (c) [This subsection \(c\) shall be effective for the period July 1, 2012 through June 30,](#)
21 [2015.](#)

22 (1) Notwithstanding any other paragraphs of this section, and subject to paragraph (c)(2)
23 below, for all present and former employees, active and retired members, and beneficiaries
24 receiving any retirement, disability or death allowance or benefit of any kind by reason of
25 adoption of this section by their employer, the annual benefit adjustment provided in any calendar
26 year under this section shall be equal to (A) multiplied by (B) where (A) is equal to the
27 percentage determined by subtracting five and one-half percent (5.5%) (the "subtrahend") from
28 the Five-Year Average Investment Return of the retirement system determined as of the last day
29 of the plan year preceding the calendar year in which the adjustment is granted, said percentage
30 not to exceed four percent (4%) and not to be less than zero percent (0%), and (B) is equal to the
31 lesser of the member's retirement allowance or the first twenty-five thousand dollars (\$25,000) of
32 retirement allowance, such twenty-five thousand dollars (\$25,000) amount to be indexed annually
33 in the same percentage as determined under (c)(1)(A) above. The "Five-Year Average Investment
34 Return" shall mean the average of the investment returns of the most recent five (5) plan years as

1 determined by the retirement board. Subject to paragraph (c)(2) below, the benefit adjustment
2 provided by this paragraph shall commence upon the third (3rd) anniversary of the date of
3 retirement or the date on which the retiree reaches his or her Social Security retirement age,
4 whichever is later; or for municipal police and fire retiring under the provisions of chapter 45-
5 21.2, the benefit adjustment provided by this paragraph shall commence on the later of the third
6 (3rd) anniversary of the date of retirement or the date on which the retiree reaches age fifty-five
7 (55). In the event the retirement board adjusts the actuarially assumed rate of return for the
8 system, either upward or downward, the subtrahend shall be adjusted either upward or downward
9 in the same amount.

10 (2) Except as provided in paragraph (c)(3) the benefit adjustments provided under this
11 section for any plan year shall be suspended in their entirety for each municipal plan within the
12 municipal employees retirement system unless the municipal plan is determined to be funded at a
13 ~~GASB~~ Funded Ratio equal to or greater than eighty percent (80%) as of the end of the
14 immediately preceding plan year in accordance with the retirement system's actuarial valuation
15 report as prepared by the system's actuary, in which event the benefit adjustment will be
16 reinstated for all members for such plan year.

17 In determining whether a funding level under this paragraph (c)(2) has been achieved,
18 the actuary shall calculate the funding percentage after taking into account the reinstatement of
19 any current or future benefit adjustment provided under this section. ~~"GASB Funded Ratio" shall~~
20 ~~mean the ratio of the actuarial value of assets to the actuarial accrued liability.~~

21 (3) Notwithstanding paragraph (c)(2), for each municipal plan that has a ~~GASB~~ Funded
22 Ratio of less than eighty percent (80%) as of June 30, 2012, in each fifth plan year commencing
23 after June 30, 2012 commencing with the plan year ending June 30, 2017, and subsequently at
24 intervals of five (5) plan years, a benefit adjustment shall be calculated and made in accordance
25 with paragraph (c)(1) above until the municipal plan's ~~GASB~~ Funded Ratio exceeds eighty
26 percent (80%).

27 (d) This subsection (d) shall become effective July 1, 2015.

28 (1)(A) As soon as administratively reasonable following the enactment into law of this
29 subsection (d)(1)(A), a one-time benefit adjustment shall be provided to members and/or
30 beneficiaries of members who retired on or before June 30, 2012, in the amount of two percent
31 (2%) of the lesser of either the employee's retirement allowance or the first twenty-five thousand
32 dollars (\$25,000) of the member's retirement allowance. This one-time benefit adjustment shall
33 be provided without regard to the retiree's age or number of years since retirement.

34 (B) Notwithstanding the prior subsections of this section, for all present and former

1 employees, active and retired employees, and beneficiaries receiving any retirement, disability or
2 death allowance or benefit of any kind by reason of adoption of this section by their employer, the
3 annual benefit adjustment provided in any calendar year under this section for adjustments on and
4 after January 1, 2016, and subject to paragraph (d)(2) below, shall be equal to (I) multiplied by
5 (II):

6 (I) Shall equal the sum of fifty percent (50%) of (i) plus fifty percent (50%) of (ii) where:

7 (i) Is equal to the percentage determined by subtracting five and one-half percent (5.5%)
8 (the "subtrahend") from the five-year average investment return of the retirement system
9 determined as of the last day of the plan year preceding the calendar year in which the adjustment
10 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
11 (0%). The "five-year average investment return" shall mean the average of the investment returns
12 of the most recent five (5) plan years as determined by the retirement board. In the event the
13 retirement board adjusts the actuarially assumed rate of return for the system, either upward or
14 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

15 (ii) Is equal to the lesser of three percent (3%) or the percentage increase in the Consumer
16 Price Index for all Urban Consumers (CPI-U) as published by the U.S. Department of Labor
17 Statistics determined as of September 30 of the prior calendar year.

18 In no event shall the sum of (i) plus (ii) exceed three and one-half percent (3.5%) or be
19 less than zero percent (0%).

20 (II) Is equal to the lesser of either the member's retirement allowance or the first twenty-
21 five thousand eight hundred and fifty-five dollars (\$25,855) of retirement allowance, such amount
22 to be indexed annually in the same percentage as determined under subsection (d)(1)(B)(I) above.

23 The benefit adjustments provided by this subsection (d)(1)(B) shall be provided to all
24 retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect,
25 and for all other retirees the benefit adjustments shall commence upon the third anniversary of the
26 date of retirement or the date on which the retiree reaches his or her Social Security retirement
27 age, whichever is later; or for municipal police and fire retiring under the provisions of § 45-21.2-
28 5(b)(1)(A), the benefit adjustment provided by this paragraph shall commence on the later of the
29 third anniversary of the date of retirement or the date on which the retiree reaches age fifty-five
30 (55); or for municipal police and fire retiring under the provisions of § 45-21.2-5(b)(1)(B), the
31 benefit adjustment provided by this paragraph shall commence on the later of the third
32 anniversary of the date of retirement or the date on which the retiree reaches age fifty (50).

33 (2) Except as provided in subsection (d)(3), the benefit adjustments under subsection
34 (d)(1)(B) for any plan year shall be suspended in their entirety for each municipal plan within the

1 municipal employees retirement system unless the municipal plan is determined to be funded at a
2 funded ratio equal to or greater than eighty percent (80%) as of the end of the immediately
3 preceding plan year in accordance with the retirement system's actuarial valuation report as
4 prepared by the system's actuary, in which event the benefit adjustment will be reinstated for all
5 members for such plan year.

6 In determining whether a funding level under this subsection (d)(2) has been achieved,
7 the actuary shall calculate the funding percentage after taking into account the reinstatement of
8 any current or future benefit adjustment provided under this section.

9 (3) Notwithstanding subsection (d)(2), in each fourth plan year commencing after June
10 30, 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of
11 four plan years: (i) A benefit adjustment shall be calculated and made in accordance with
12 subsection (d)(1)(B) above; and (ii) Effective for members and/or beneficiaries of members who
13 retired on or before June 30, 2015, the dollar amount in subsection (d)(1)(B)(II) of twenty-five
14 thousand eight hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand
15 and twenty-six dollars (\$31,026) until the municipal plan's funded ratio exceeds eighty percent
16 (80%).

17 ~~(d)~~(e) Upon acceptance of any of the plans in this section, each employee shall on
18 January 1 next succeeding the acceptance, contribute by means of salary deductions, pursuant to §
19 45-21-41, one percent (1%) of the employee's compensation concurrently with and in addition to
20 contributions otherwise being made to the retirement system.

21 ~~(e)~~(f) The city or town shall make any additional contributions to the system, pursuant to
22 the terms of § 45-21-42, for the payment of any benefits provided by this section.

23 ~~(f)~~(g) The East Greenwich town council shall be allowed to accept Plan C of § 45-21-
24 52(a)(3) for all employees of the town of East Greenwich who either, pursuant to contract
25 negotiations, bargain for Plan C, or who are non-union employees who are provided with Plan C
26 and who shall all collectively be referred to as the "Municipal-COLA Group" and shall be
27 separate from all other employees of the town and school department, union or non-union, who
28 are in the same pension group but have not been granted Plan C benefits. Upon acceptance by the
29 town council, benefits in accordance with this section shall be available to all such employees
30 who retire on or after January 1, 2003.

31 (h) Effective for members and or beneficiaries of members who have retired on or before
32 July 1, 2015, and without regard to whether the retired member or beneficiary is receiving a
33 benefit adjustment under this § 45-21-52, a one-time stipend of five hundred dollars (\$500) shall
34 be payable within sixty (60) days following the enactment of the legislation implementing this

1 [provision, and a second one-time stipend of five hundred dollars \(\\$500\) in the same month of the](#)
2 [following year. These stipends shall not be considered cost of living adjustments under the prior](#)
3 [provisions of this § 45-21-52.](#)

4 SECTION 20. Chapter 45-21 of the General Laws entitled "Retirement of Municipal
5 Employees" is hereby amended by adding thereto the following section:

6 **45-21-43.1. Actuarial cost method.** – [\(a\) To determine the employer contribution rate](#)
7 [for any participating municipality, the actuary shall compute the costs under chapters 21 and 21.2](#)
8 [of title 45 using the entry age normal cost method.](#)

9 [\(b\) The determination of the employer contribution rate for fiscal year 2013 shall include](#)
10 [a re-amortization of the unfunded actuarial accrued liability \(UAAL\) over a closed twenty-five](#)
11 [\(25\) year period. After an initial period of five \(5\) years, future actuarial gains and losses](#)
12 [occurring within a plan year will be amortized over individual new twenty \(20\) year closed](#)
13 [periods.](#)

14 [\(c\) The determination of the employer contribution rate commencing with fiscal year](#)
15 [2017 shall include a re-amortization of the current unfunded actuarial accrued liability as of June](#)
16 [30, 2014 over a closed twenty-five \(25\) year period. Future actuarial gains and losses occurring](#)
17 [within a plan year will be amortized over individual new twenty \(20\) year closed periods.](#)
18 [Employers shall have the one-time option before August 1, 2015 to remain under the amortization](#)
19 [schedule set forth in subsection \(b\) above.](#)

20 SECTION 21. Section 42-28-22 of the General Laws in Chapter 42-28 entitled "State
21 Police" is hereby amended to read as follows:

22 **42-28-22. Retirement of members.** -- [\(a\) Whenever any member of the state police](#)
23 [hired prior to July 1, 2007 has served for twenty \(20\) years, he or she may retire therefrom or he](#)
24 [or she may be retired by the superintendent with the approval of the governor, and in either event](#)
25 [a sum equal to one-half \(1/2\) of the whole salary for the position from which he or she retired](#)
26 [determined on the date he or she receives his or her first retirement payment shall be paid him or](#)
27 [her during life.](#)

28 [\(b\) For purposes of this section, the term "whole salary" means:](#)

29 [\(1\) For each member who retired prior to July 1, 1966, "whole salary" means the base](#)
30 [salary for the position from which he or she retired as the base salary for that position was](#)
31 [determined on July 31, 1972;](#)

32 [\(2\) For each member who retired between July 1, 1966 and June 30, 1973, "whole](#)
33 [salary" means the base salary for the position from which he or she retired as the base salary,](#)
34 [implemented by the longevity increment, for that position was determined on July 31, 1972 or on](#)

1 the date of his or her retirement, whichever is greater;

2 (3) For each member who retired or who retires after July 1, 1973 "whole salary" means
3 the base salary, implemented by the longevity increment, holiday pay, and clothing allowance, for
4 the position from which he or she retired or retires.

5 (c) (1) Any member who retired prior to July 1, 1977 shall receive a benefits payment
6 adjustment equal to three percent (3%) of his or her original retirement, as determined in
7 subsection (b) of this section, in addition to his or her original retirement allowance. In each
8 succeeding year thereafter during the month of January, the retirement allowance shall be
9 increased an additional three percent (3%) of the original retirement allowance, not compounded,
10 to be continued until January 1, 1991. For the purposes of the computation, credit shall be given
11 for a full calendar year regardless of the effective date of the service retirement allowance. For
12 purposes of this subsection, the benefits payment adjustment shall be computed from January 1,
13 1971 or the date of retirement, whichever is later in time.

14 (2) Any member of the state police who retires pursuant to the provisions of this chapter
15 on or after January 1, 1977, shall on the first day of January, next following the third anniversary
16 date of the retirement receive a benefits payment adjustment, in addition to his or her retirement
17 allowance, in an amount equal to three percent (3%) of the original retirement allowance. In each
18 succeeding year thereafter during the month of January, the retirement allowance shall be
19 increased an additional three percent (3%) of the original retirement allowance, not compounded,
20 to be continued until January 1, 1991. For the purposes of the computation, credit shall be given
21 for a full calendar year regardless of the effective date of the service retirement allowance.

22 (3) Any retired member of the state police who is receiving a benefit payment
23 adjustment pursuant to subdivisions (1) and (2) of this section shall beginning January 1, 1991
24 and ending June 30, 2012, receive a benefits payment adjustment equal to fifteen hundred dollars
25 (\$1,500).

26 (d) The benefits payment adjustment as provided in this section shall apply to and be in
27 addition to the retirement benefits under the provisions of § 42-28-5, and to the injury and death
28 benefits under the provisions of § 42-28-21.

29 (e) (1) Any member who retires after July 1, 1972 and is eligible to retire prior to July 1,
30 2012 and who has served beyond twenty (20) years shall be allowed an additional amount equal
31 to three percent (3%) for each completed year served after twenty (20) years, but in no event shall
32 the original retirement allowance exceed sixty-five percent (65%) of his or her whole salary as
33 defined in subsection (b) hereof or sixty-five percent (65%) of his or her salary as defined in
34 subsection (b) hereof in his or her twenty-fifth (25th) year whichever is less.

1 (2) Each member who retired prior to July 1, 1975, shall be entitled to all retirement
2 benefits as set forth above or shall be paid benefits as set forth in subdivision (b)(1) with "whole
3 salary" meaning the base salary for the position from which he or she retired as the base salary for
4 the position was determined on July 1, 1975, whichever is greater.

5 (f) (1) Any member who retires, has served as a member for twenty (20) years or more,
6 and who served for a period of six (6) months or more of active duty in the armed service of the
7 United States or in the merchant marine service of the United States as defined in § 2 of chapter
8 1721 of the Public Laws, 1946, may purchase credit for such service up to a maximum of two (2)
9 years; provided that any member who has served at least six (6) months or more in any one year
10 shall be allowed to purchase one year for such service and any member who has served a fraction
11 of less than six (6) months in his or her total service shall be allowed to purchase six (6) months'
12 credit for such service.

13 (2) The cost to purchase these credits shall be ten percent (10%) of the member's first
14 year salary as a state policeman multiplied by the number of years and/or fraction thereof of such
15 armed service up to a maximum of two (2) years. The purchase price shall be paid into the
16 general fund. For members hired on or after July 1, 1989, the purchase price shall be paid into a
17 restricted revenue account entitled "state police retirement benefits" and shall be held in trust.

18 (3) There will be no interest charge provided the member makes such purchase during
19 his or her twentieth (20th) year or within five (5) years from May 18, 1981, whichever is later,
20 but will be charged regular rate of interest as defined in § 36-8-1 as amended to date of purchase
21 from the date of his or her twentieth (20th) year of state service or five (5) years from May 18,
22 1981, whichever is later.

23 (4) Any member who is granted a leave of absence without pay for illness, injury or any
24 other reason may receive credit therefor by making the full actuarial cost as defined in
25 subdivision 36-8-1(10); provided the employee returns to state service for at least one year upon
26 completion of the leave.

27 (5) In no event shall the original retirement allowance exceed sixty-five percent (65%) of
28 his or her whole salary as defined in subsection (b) hereof or sixty-five percent (65%) of his or
29 her salary as defined in subsection (b) hereof in his or her twenty-fifth (25th) year, whichever is
30 less.

31 (6) Notwithstanding any other provision of law, no more than five (5) years of service
32 credit may be purchased by a member of the system. The five (5) year limit shall not apply to any
33 purchases made prior to January 1, 1995. A member who has purchased more than five (5) years
34 of service credits before January 1, 1995, shall be permitted to apply those purchases towards the

1 member's service retirement. However, no further purchase will be permitted. Repayment in
2 accordance with applicable law and regulation of any contribution previously withdrawn from the
3 system shall not be deemed a purchase of service credit.

4 (g) The provisions of this section shall not apply to civilian employees in the Rhode
5 Island state police; and, further, from and after April 28, 1937, chapters 8 -- 10, inclusive, of title
6 36 shall not be construed to apply to the members of the Rhode Island state police, except as
7 provided by §§ 36-8-3, 36-10-1.1, 42-28-22.1, and 42-28-22.2, and section 36-8-1(5) and (8)(a)
8 effective July 1, 2012.

9 (h) Any member of the state police other than the superintendent of state police, who is
10 hired prior to July 1, 2007 and who has served for twenty-five (25) years or who has attained the
11 age of sixty-two (62) years, whichever shall first occur, shall retire therefrom.

12 (i) (1) Any member of the state police, other than the superintendent, who is hired on or
13 after July 1, 2007 and who has served for twenty-five (25) years, may retire therefrom or he or
14 she may be retired by the superintendent with the approval of the governor, and shall be entitled
15 to a retirement allowance of fifty percent (50%) of his or her "whole salary" as defined in
16 subsection (b) hereof.

17 (2) Any member of the state police who is hired on or after July 1, 2007 may serve up to
18 a maximum of thirty (30) years, and shall be allowed an additional amount equal to three percent
19 (3.0%) for each completed year served after twenty-five (25) years, but in no event shall the
20 original retirement allowance exceed sixty-five percent (65%) of his or her "whole salary" as
21 defined in subsection (b) hereof.

22 (j) Effective July 1, 2012, any other provision of this section notwithstanding:

23 (j) (1) Any member of the state police, other than the superintendent of state police, who
24 is not eligible to retire on or prior to June 30, 2012 may retire at any time subsequent to the date
25 the member's retirement allowance equals or exceeds fifty percent (50%) of average
26 compensation as defined in section 36-8-1(5)(a), provided that a member shall retire upon the
27 first to occur of:

28 (i) The date the member's retirement allowance equals sixty-five percent (65%); or

29 (ii) The later of the attainment of age sixty-two (62) or completion of five (5) years of
30 service; provided however, any current member as of June 30, 2012 who has not accrued fifty
31 percent (50%) upon attaining the age of sixty-two (62) shall retire upon accruing fifty percent
32 (50%); and upon retirement a member shall receive a retirement allowance which shall equal:

33 (A) For members hired prior to July 1, 2007 the sum of (i), (ii) and (iii) where

34 (i) Is calculated as the member's years of total service before July 1, 2012 multiplied by

1 two and one half percent (2.5%) of average compensation for a member's first twenty (20) total
2 years,

3 (ii) Is calculated as the member's years of total service before July 1, 2012 in excess of
4 twenty (20) years not to exceed twenty-five (25) years multiplied by three percent (3%) of
5 average compensation, and

6 (iii) Is the member's years of total service on or after July 1, 2012 multiplied by two
7 percent (2%) of average compensation as defined in § 36-8-1(5)(a).

8 (B) For members hired on or after July 1, 2007, the member's retirement allowance shall
9 be calculated as the member's years of total contributory service multiplied by two percent (2%)
10 of average compensation.

11 (C) Any member of the state police who is eligible to retire on or prior to June 30, 2012
12 shall retire with a retirement allowance calculated in accordance with paragraph (a) and (e) above
13 except that whole salary shall be defined as final compensation where compensation for purposes
14 of this section and § 42-28-22.1 includes base salary, longevity and holiday pay.

15 (D) Notwithstanding the preceding provisions, in no event shall a member's final
16 compensation be lower than his or her final compensation determined as of June 30, 2012.

17 (2) In no event shall a member's original retirement allowance under any provisions of
18 this section exceed sixty-five percent (65%) of his or her average compensation.

19 (3) For each member who retires on or after July 1, 2012, except as provided in
20 paragraph (j)(1)(C) above, compensation and average compensation shall be defined in
21 accordance with § 36-8-1(5)(a) and (8), provided that for a member whose regular work period
22 exceeds one hundred forty-seven (147) hours over a twenty-four (24) day period at any time
23 during the four (4) year period immediately prior to his/her retirement that member shall have up
24 to four hundred (400) hours of his/her pay for regularly scheduled work earned during this period
25 shall be included as "compensation" and/or "average compensation" for purposes of this section
26 and § 42-28-22.1.

27 (4) [This subsection \(4\) shall be effective for the period July 1, 2012 through June 30,](#)
28 [2015.](#)

29 (i) Notwithstanding the prior paragraphs of this section, and subject to paragraph (4)(ii)
30 below, for all present and former members, active and retired members, and beneficiaries
31 receiving any retirement, disability or death allowance or benefit of any kind, whether for or on
32 behalf of a non-contributory member or contributory member, the annual benefit adjustment
33 provided in any calendar year under this section shall be equal to (A) multiplied by (B) where (A)
34 is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the

1 "subtrahend") from the Five-Year Average Investment Return of the retirement system
2 determined as of the last day of the plan year preceding the calendar year in which the adjustment
3 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
4 (0%), and (B) is equal to the lesser of the member's retirement allowance or the first twenty-five
5 thousand dollars (\$25,000) of retirement allowance, such twenty-five thousand dollars (\$25,000)
6 amount to be indexed annually in the same percentage as determined under (4)(i)(A) above. The
7 "Five-Year Average Investment Return" shall mean the average of the investment returns for the
8 most recent five (5) plan years as determined by the retirement board. Subject to paragraph (4)(ii)
9 below, the benefit adjustment provided by this paragraph shall commence upon the third (3rd)
10 anniversary of the date of retirement or the date on which the retiree reaches age fifty-five (55),
11 whichever is later. In the event the retirement board adjusts the actuarially assumed rate of return
12 for the system, either upward or downward, the subtrahend shall be adjusted either upward or
13 downward in the same amount.

14 (ii) Except as provided in paragraph (4)(iii), the benefit adjustments under this section
15 for any plan year shall be suspended in their entirety unless the ~~GASB~~ Funded Ratio of the
16 Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the
17 State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis,
18 exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all
19 members for such plan year.

20 In determining whether a funding level under this paragraph (4)(ii) has been achieved,
21 the actuary shall calculate the funding percentage after taking into account the reinstatement of
22 any current or future benefit adjustment provided under this section. ~~"GASB Funded Ratio" shall~~
23 ~~mean the ratio of the actuarial value of assets to the actuarial accrued liability.~~

24 (iii) Notwithstanding paragraph (4)(ii), in each fifth plan year commencing after June 30,
25 2012 commencing with the plan year ending June 30, 2017, and subsequently at intervals of five
26 (5) plan years, a benefit adjustment shall be calculated and made in accordance with paragraph
27 (4)(i) above until the ~~GASB~~ Funded Ratio of the Employees' Retirement System of Rhode Island,
28 the Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated
29 by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

30 (iv) The provisions of this paragraph (j)(4) of § 42-28-22 shall become effective July 1,
31 2012 and shall apply to any benefit adjustment not granted on or prior to June 30, 2012.

32 (v) The cost-of-living adjustment as provided in this paragraph (j)(4) shall apply to and
33 be in addition to the retirement benefits under the provisions of § 42-28-5 and to the injury and
34 death benefits under the provisions of § 42-28-21.

1 (5) This subsection (5) shall become effective July 1, 2015.

2 (i)(A) As soon as administratively reasonable following the enactment into law of this
3 paragraph (5)(i)(A), a one-time benefit adjustment shall be provided to members and/or
4 beneficiaries of members who retired on or before June 30, 2012, in the amount of two percent
5 (2%) of the lesser of either the member's retirement allowance or the first twenty-five thousand
6 dollars (\$25,000) of the member's retirement allowance. This one-time benefit adjustment shall
7 be provided without regard to the retiree's age or number of years since retirement.

8 (B) Notwithstanding the prior subsections of this section, for all present and former
9 members, active and retired members, and beneficiaries receiving any retirement, disability or
10 death allowance or benefit of any kind, the annual benefit adjustment provided in any calendar
11 year under this section for adjustments on and after January 1, 2016, and subject to subsection
12 (5)(ii) below, shall be equal to (I) multiplied by (II):

13 (I) Shall equal the sum of fifty percent (50%) of (1) plus fifty percent (50%) of (2) where:
14 (1) Is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the
15 "subtrahend") from the five-year average investment return of the retirement system determined
16 as of the last day of the plan year preceding the calendar year in which the adjustment is granted,
17 said percentage not to exceed four percent (4%) and not to be less than zero percent (0%). The
18 "five-year average investment return" shall mean the average of the investment returns of the
19 most recent five (5) plan years as determined by the retirement board. In the event the retirement
20 board adjusts the actuarially assumed rate of return for the system, either upward or downward,
21 the subtrahend shall be adjusted either upward or downward in the same amount.

22 (2) Is equal to the lesser of three percent (3%) or the percentage increase in the Consumer
23 Price Index for all Urban Consumers (CPI-U) as published by the U.S. Department of Labor
24 Statistics determined as of September 30 of the prior calendar year.

25 In no event shall the sum of (1) plus (2) exceed three and one-half percent (3.5%) or be
26 less than zero percent (0%).

27 (II) Is equal to the lesser of either the member's retirement allowance or the first twenty-
28 five thousand eight hundred and fifty-five dollars (\$25,855) of retirement allowance, such amount
29 to be indexed annually in the same percentage as determined under subsection (5)(i)(B)(I) above.
30 The benefit adjustments provided by this subsection (5)(i)(B) shall be provided to all retirees
31 entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect, and for
32 all other retirees the benefit adjustments shall commence upon the third anniversary of the date of
33 retirement or the date on which the retiree reaches his or her Social Security retirement age,
34 whichever is later.

1 (ii) Except as provided in subsection (5)(iii), the benefit adjustments under subsection
2 (5)(i)(B) for any plan year shall be suspended in their entirety unless the funded ratio of the
3 employees' retirement system of Rhode Island, the Judicial retirement benefits trust and the state
4 police retirement benefits trust, calculated by the system's actuary on an aggregate basis, exceeds
5 eighty percent (80%) in which event the benefit adjustment will be reinstated for all members for
6 such plan year.

7 In determining whether a funding level under this subsection (5)(ii) has been achieved,
8 the actuary shall calculate the funding percentage after taking into account the reinstatement of
9 any current or future benefit adjustment provided under this section.

10 (iii) Notwithstanding subsection (5)(ii), in each fourth plan year commencing after June
11 30, 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of
12 four plan years: (i) A benefit adjustment shall be calculated and made in accordance with
13 paragraph (5)(i)(B) above; and (ii) Effective for members and/or beneficiaries of members who
14 retired on or before June 30, 2015, the dollar amount in subsection (5)(i)(B)(II) of twenty-five
15 thousand eight hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand
16 and twenty-six dollars (\$31,026) until the funded ratio of the employees' retirement system of
17 Rhode Island, the judicial retirement benefits trust and the state police retirement benefits trust,
18 calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

19 (iv) Effective for members and or beneficiaries of members who have retired on or before
20 July 1, 2015, a one-time stipend of five hundred dollars (\$500) shall be payable within sixty (60)
21 days following the enactment of the legislation implementing this provision, and a second one-
22 time stipend of five hundred dollars (\$500) in the same month of the following year. These
23 stipends shall be payable to all retired members or beneficiaries receiving a benefit as of the
24 applicable payment date and shall not be considered cost of living adjustments under the prior
25 provisions of this § 42-28-22.

26 ~~(5)~~(6) Any member with contributory service on or after July 1, 2012, who has
27 completed at least five (5) years of contributory service but who has not retired in accordance
28 with (j)(1) above, shall be eligible to retire upon the attainment of member's Security retirement
29 age as defined in 36-8-1(19).

30 ~~(6)~~(7) In no event shall a member's retirement allowance be less than the member's
31 retirement allowance calculated as of June 30, 2012 based on the member's years of total service
32 and whole salary as of June 30, 2012.

33 (k) In calculating the retirement benefit for any member, the term base salary as used in
34 subdivision (b)(3) or average compensation as used in paragraph (j) shall not be affected by a

1 deferral of salary plan or a reduced salary plan implemented to avoid shutdowns or layoffs or to
2 effect cost savings. Basic salary shall remain for retirement calculation that which it would have
3 been but for the salary deferral or salary reduction due to a plan implemented to avoid shutdowns
4 or layoffs or to effect cost savings.

5 SECTION 22. Section 8-3-15 of the General Laws in Chapter 8-3 entitled "Justices of
6 Supreme, Superior, and Family Courts" is hereby amended to read as follows:

7 **8-3-15. Cost of living allowance.** -- (a) All justices of the supreme court, superior court,
8 family court, or district court, or their surviving spouses or domestic partners, who retire after
9 January 1, 1970 and who receive a retirement allowance pursuant to the provisions of this title
10 shall, on the first day of January next following the third anniversary date of retirement, receive a
11 cost-of-living retirement adjustment in addition to his or her retirement allowance in an amount
12 equal to three percent (3%) of the original retirement allowance. In each succeeding year
13 thereafter during the month of January, the retirement allowance shall be increased an additional
14 three percent (3%) of the original allowance, not compounded, to be continued during the lifetime
15 of the justice or his or her surviving spouse or domestic partner. For the purpose of such
16 computation, credit shall be given for a full calendar year regardless of the effective date of the
17 retirement allowance.

18 (b) Any justice who retired prior to January 31, 1977 shall be deemed for the purpose of
19 this section to have retired on January 1, 1977.

20 (c) For justices not eligible to retire as of September 30, 2009 and not eligible upon
21 passage of this article, and for their beneficiaries, the cost of living adjustment described in
22 subsection (3) above shall only apply to the first thirty-five thousand dollars (\$35,000) of
23 retirement allowance, indexed annually, and shall commence upon the third (3rd) anniversary of
24 the date of retirement or when the retiree reaches age sixty-five (65), whichever is later. The
25 thirty- five thousand dollar (\$35,000) limit shall increase annually by the percentage increase in
26 the Consumer Price Index for all Urban Consumer (CPI-U) as published by the United States
27 Department of Labor Statistics determined as of September 30 of the prior calendar year or three
28 percent (3%), whichever is less. The first thirty-five thousand dollars (\$35,000), as indexed, of
29 retirement allowance shall be multiplied by the percentage of increase in the Consumer Price
30 Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor
31 Statistics determined as of September 30 of the prior calendar year or three percent (3%),
32 whichever is less, on the month following the anniversary date of each succeeding year. For
33 justices eligible to retire as of September 30, 2009 or eligible upon passage of this article, and for
34 their beneficiaries, the provisions of this subsection (c) shall not apply.

1 (d) This subsection (d) shall be effective for the period July 1, 2012 through June 30,
2 2015.

3 (1) Notwithstanding the prior paragraphs of this section, and subject to paragraph (d)(2)
4 below, for all present and former justices, active and retired justices, and beneficiaries receiving
5 any retirement, disability or death allowance or benefit of any kind, whether provided for or on
6 behalf of justices engaged on or prior to December 31, 1989 as a non-contributory justice or
7 engaged after December 31, 1989 as a contributory justice, the annual benefit adjustment
8 provided in any calendar year under this section shall be equal to (A) multiplied by (B) where (A)
9 is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the
10 "subtrahend") from the Five-Year Average Investment Return of the retirement system
11 determined as of the last day of the plan year preceding the calendar year in which the adjustment
12 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
13 (0%), and (B) is equal to the lesser of the justice's retirement allowance or the first twenty-five
14 thousand dollars (\$25,000) of retirement allowance, such twenty-five thousand dollars (\$25,000)
15 amount to be indexed annually in the same percentage as determined under (d)(1)(A) above. The
16 "Five-Year Average Investment Return" shall mean the average of the investment return of the
17 most recent five (5) plan years as determined by the retirement board. Subject to paragraph (d)(2)
18 below, the benefit adjustment provided by this paragraph shall commence upon the third (3rd)
19 anniversary of the date of retirement or the date on which the retiree reaches his or her Social
20 Security retirement age, whichever is later. In the event the retirement board adjusts the
21 actuarially assumed rate of return for the system, either upward or downward, the subtrahend
22 shall be adjusted either upward or downward in the same amount.

23 (2) Except as provided in paragraph (d)(3), the benefit adjustments under this section for
24 any plan year shall be suspended in their entirety unless the ~~GASB~~ Funded Ratio of the
25 Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the
26 State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis,
27 exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all
28 justices for such plan year.

29 In determining whether a funding level under this paragraph (d)(2) has been achieved,
30 the actuary shall calculate the funding percentage after taking into account the reinstatement of
31 any current or future benefit adjustment provided under this section. ~~"GASB Funded Ratio" shall~~
32 ~~mean the ratio of the actuarial value of assets to the actuarial accrued liability.~~

33 (3) Notwithstanding paragraph (d)(2), in each fifth plan year commencing after June 30,
34 2012 commencing with the plan year ending June 30, 2017, and subsequently at intervals of five

1 (5) plan years, a benefit adjustment shall be calculated and made in accordance with paragraph
2 (d)(1) above until the ~~GASB~~ Funded Ratio of the Employees' Retirement System of Rhode
3 Island, the Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust,
4 calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%)

5 (4) Notwithstanding any other provision of this chapter, the provisions of this paragraph
6 (d) of § 8-3-15 shall become effective July 1, 2012 and shall apply to any benefit adjustment not
7 granted on or prior to June 30, 2012.

8 (e) This subsection (e) shall become effective July 1, 2015.

9 (1)(A) As soon as administratively reasonable following the enactment into law of this
10 subsection (e)(1)(A), a one-time benefit adjustment shall be provided to justices and/or
11 beneficiaries of justices who retired on or before June 30, 2012, in the amount of two percent
12 (2%) of the lesser of either the justice's retirement allowance or the first twenty-five thousand
13 dollars (\$25,000) of the justice's retirement allowance. This one-time benefit adjustment shall be
14 provided without regard to the retiree's age or number of years since retirement.

15 (B) Notwithstanding the prior subsections of this section, for all present and former
16 justices, active and retired justices, and beneficiaries receiving any retirement, disability or death
17 allowance or benefit of any kind, whether provided for or on behalf of justices engaged on or
18 prior to December 31, 1989 as a non-contributory justice or engaged after December 31, 1989 as
19 a contributory justice, the annual benefit adjustment provided in any calendar year under this
20 section for adjustments on and after January 1, 2016, and subject to subsection (e)(2) below, shall
21 be equal to (I) multiplied by (II):

22 (I) Shall equal the sum of fifty percent (50%) of (i) plus fifty percent (50%) of (ii) where:

23 (i) Is equal to the percentage determined by subtracting five and one-half percent (5.5%)
24 (the "subtrahend") from the five-year average investment return of the retirement system
25 determined as of the last day of the plan year preceding the calendar year in which the adjustment
26 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
27 (0%). The "five-year average investment return" shall mean the average of the investment returns
28 of the most recent five (5) plan years as determined by the retirement board. In the event the
29 retirement board adjusts the actuarially assumed rate of return for the system, either upward or
30 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

31 (ii) Is equal to the lesser of three percent (3%) or the percentage increase in the Consumer
32 Price Index for all Urban Consumers (CPI-U) as published by the U.S. Department of Labor
33 Statistics determined as of September 30 of the prior calendar year. In no event shall the sum of
34 (i) plus (ii) exceed three and one-half percent (3.5%) or be less than zero percent (0%).

1 (II) Is equal to the lesser of either the justice's retirement allowance or the first twenty-
2 five thousand eight hundred and fifty-five dollars (\$25,855) of retirement allowance, such amount
3 to be indexed annually in the same percentage as determined under subsection (e)(1)(B)(I) above.

4 The benefit adjustments provided by this subsection (e)(1)(B) shall be provided to all
5 retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect,
6 and for all other retirees the benefit adjustments shall commence upon the third anniversary of the
7 date of retirement or the date on which the retiree reaches his or her Social Security retirement
8 age, whichever is later.

9 (2) Except as provided in subsection (e)(3), the benefit adjustments under subsection
10 (e)(1)(B) for any plan year shall be suspended in their entirety unless the funded ratio of the
11 employees' retirement system of Rhode Island, the judicial retirement benefits trust and the state
12 police retirement benefits trust, calculated by the system's actuary on an aggregate basis, exceeds
13 eighty percent (80%) in which event the benefit adjustment will be reinstated for all justices for
14 such plan year.

15 In determining whether a funding level under this subsection (e)(2) has been achieved,
16 the actuary shall calculate the funding percentage after taking into account the reinstatement of
17 any current or future benefit adjustment provided under this section.

18 (3) Notwithstanding subsection (e)(2), in each fourth plan year commencing after June
19 30, 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of
20 four plan years: (i) A benefit adjustment shall be calculated and made in accordance with
21 paragraph (e)(1)(B) above; and (ii) Effective for members and/or beneficiaries of members who
22 retired on or before June 30, 2015, the dollar amount in subsection (e)(1)(B)(II) of twenty-five
23 thousand eight hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand
24 and twenty-six dollars (\$31,026) until the funded ratio of the employees' retirement system of
25 Rhode Island, the judicial retirement benefits trust and the state police retirement benefits trust,
26 calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

27 (A) Effective for members and or beneficiaries of members who have retired on or before
28 July 1, 2015, a one-time stipend of five hundred dollars (\$500) shall be payable within sixty (60)
29 days following the enactment of the legislation implementing this provision, and a second one-
30 time stipend of five hundred dollars (\$500) in the same month of the following year. These
31 stipends shall be payable to all retired members or beneficiaries receiving a benefit as of the
32 applicable payment date and shall not be considered cost of living adjustments under the prior
33 provisions of this § 8-3-15.

34 SECTION 23. Section 8-8.2-12 of the General Laws in Chapter 8-8.2 entitled "Traffic

1 tribunal" is hereby amended to read as follows:

2 **8-8.2-12. Additional benefits payable to retired judges and their surviving spouses**
3 **or domestic partners.** -- (a) All judges of the administrative adjudication court and all judges of

4 the administrative adjudication court who have been reassigned to the traffic tribunal, or their
5 surviving spouses or domestic partners, who retire after January 1, 1970 and who receive a
6 retirement allowance pursuant to the provisions of this title, shall, on the first day of January, next
7 following the third anniversary of the retirement, receive a cost of living retirement adjustment in
8 addition to his or her retirement allowance in an amount equal to three percent (3%) of the
9 original retirement allowance. In each succeeding year thereafter during the month of January, the
10 retirement allowance shall be increased an additional three percent (3%) of the original
11 allowance, compounded annually from the year cost of living adjustment was first payable to be
12 continued during the lifetime of the judge or his or her surviving spouse or domestic partner. For
13 the purpose of such computation, credit shall be given for a full calendar year regardless of the
14 effective date of the retirement allowance.

15 (b) Any judge who retired prior to January 31, 1980, shall be deemed for the purpose of
16 this section to have retired on January 1, 1980.

17 (c) For judges not eligible to retire as of September 30, 2009 and not eligible upon
18 passage of this article, and for their beneficiaries, the cost of living adjustment described in
19 subsection (a) above shall only apply to the first thirty-five thousand dollars (\$35,000) of
20 retirement allowance, indexed annually, and shall commence upon the third (3rd) anniversary of
21 the date of retirement or when the retiree reaches age sixty-five (65), whichever is later. The
22 thirty-five thousand dollar (\$35,000) limit shall increase annually by the percentage increase in
23 the Consumer Price Index for all Urban Consumer (CPI-U) as published by the United States
24 Department of Labor Statistics determined as of September 30 of the prior calendar year or three
25 percent (3%), whichever is less. The first thirty-five thousand dollars (\$35,000), as indexed, of
26 retirement allowance shall be multiplied by the percentage of increase in the Consumer Price
27 Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor
28 Statistics determined as of September 30 of the prior calendar year or three percent (3%),
29 whichever is less on the month following the anniversary date of each succeeding year. For
30 judges eligible to retire as of September 30, 2009 or eligible upon passage of this article, and for
31 their beneficiaries, the provisions of this subsection (c) shall not apply.

32 (d) [This subsection \(d\) shall be effective for the period July 1, 2012 through June 30,](#)
33 [2015.](#)

34 (1) Notwithstanding the prior paragraphs of this section, and subject to paragraph (d)(2)

1 below, for all present and former justices, active and retired justices, and beneficiaries receiving
2 any retirement, disability or death allowance or benefit of any kind, whether provided for or on
3 behalf of justices engaged on or prior to December 31, 1989 as a non-contributory justice or
4 engaged after December 31, 1989 as a contributory justice, the annual benefit adjustment
5 provided in any calendar year under this section shall be equal to (A) multiplied by (B) where (A)
6 is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the
7 "subtrahend") from the Five-Year Average Investment Return of the retirement system
8 determined as of the last day of the plan year preceding the calendar year in which the adjustment
9 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
10 (0%), and (B) is equal to the lesser of the justice's retirement allowance or the first twenty-five
11 thousand dollars (\$25,000) of retirement allowance, such twenty-five thousand dollars (\$25,000)
12 amount to be indexed annually in the same percentage as determined under (d)(1)(A) above. The
13 "Five-Year Average Investment Return" shall mean the average of the investment return of the
14 most recent five (5) plan years as determined by the retirement board. Subject to paragraph (d)(2)
15 below, the benefit adjustment provided by this paragraph shall commence upon the third (3rd)
16 anniversary of the date of retirement or the date on which the retiree reaches his or her Social
17 Security retirement age, whichever is later. In the event the retirement board adjusts the
18 actuarially assumed rate of return for the system, either upward or downward, the subtrahend
19 shall be adjusted either upward or downward in the same amount.

20 (2) Except as provided in paragraph (d)(3), the benefit adjustments under this section for
21 any plan year shall be suspended in their entirety unless the ~~GASB~~ Funded Ratio of the
22 Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the
23 State Police Retirements Benefits Trust, calculated by the system's actuary on an aggregate basis,
24 exceeds eighty percent (80%) in which even the benefit adjustment will be reinstated for all
25 justices for such plan year.

26 In determining whether a funding level under this paragraph (d)(2) has been achieved,
27 the actuary shall calculate the funding percentage after taking into account the reinstatement of
28 any current or future benefit adjustment provided under this section. ~~"GASB Funded Ratio" shall~~
29 ~~mean the ratio of the actuarial value of assets to the actuarial accrued liability.~~

30 (3) Notwithstanding paragraph (d)(2), in each fifth plan year commencing after June 30,
31 2012 commencing with the plan year ending June 30, 2017, and subsequently at intervals of five
32 (5) plan years, a benefit adjustment shall be calculated and made in accordance with paragraph
33 (d)(1) above until the ~~GASB~~ Funded Ratio of the Employees' Retirement System of Rhode
34 Island, the Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust,

1 calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

2 (4) Notwithstanding any other provision of this chapter, the provisions of this paragraph
3 (d) of § 8-8.2-12 shall become effective July 1, 2012 and shall apply to any benefit adjustment
4 not granted on or prior to June 30, 2012.

5 (e) This subsection (e) shall become effective July 1, 2015.

6 (1)(A) As soon as administratively reasonable following the enactment into law of this
7 subsection (e)(1)(A), a one-time benefit adjustment shall be provided to justices and/or
8 beneficiaries of justices who retired on or before June 30, 2012, in the amount of two percent
9 (2%) of the lesser of either the justice's retirement allowance or the first twenty-five thousand
10 dollars (\$25,000) of the justice's retirement allowance. This one-time benefit adjustment shall be
11 provided without regard to the retiree's age or number of years since retirement.

12 (B) Notwithstanding the prior subsections of this section, for all present and former
13 justices, active and retired justices, and beneficiaries receiving any retirement, disability or death
14 allowance or benefit of any kind, whether provided for or on behalf of justices engaged on or
15 prior to December 31, 1989 as a non-contributory justice or engaged after December 31, 1989 as
16 a contributory justice, the annual benefit adjustment provided in any calendar year under this
17 section for adjustments on and after January 1, 2016, and subject to subsection (e)(2) below, shall
18 be equal to (I) multiplied by (II):

19 (I) Shall equal the sum of fifty percent (50%) of (i) plus fifty percent (50%) of (ii) where:

20 (i) Is equal to the percentage determined by subtracting five and one-half percent (5.5%)
21 (the "subtrahend") from the five-year average investment return of the retirement system
22 determined as of the last day of the plan year preceding the calendar year in which the adjustment
23 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
24 (0%). The "five-year average investment return" shall mean the average of the investment returns
25 of the most recent five (5) plan years as determined by the retirement board. In the event the
26 retirement board adjusts the actuarially assumed rate of return for the system, either upward or
27 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

28 (ii) Is equal to the lesser of three percent (3%) or the percentage increase in the Consumer
29 Price Index for all Urban Consumers (CPI-U) as published by the U.S. Department of Labor
30 Statistics determined as of September 30 of the prior calendar year.

31 In no event shall the sum of (i) plus (ii) exceed three and one-half percent (3.5%) or be
32 less than zero percent (0%).

33 (II) Is equal to the lesser of either the justice's retirement allowance or the first twenty-
34 five thousand eight hundred and fifty-five dollars (\$25,855) of retirement allowance, such amount

1 to be indexed annually in the same percentage as determined under subsection (e)(1)(B)(I) above.

2 The benefit adjustments provided by this subsection (e)(1)(B) shall be provided to all
3 retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect,
4 and for all other retirees the benefit adjustments shall commence upon the third anniversary of the
5 date of retirement or the date on which the retiree reaches his or her Social Security retirement
6 age, whichever is later.

7 (2) Except as provided in subsection (e)(3), the benefit adjustments under subsection
8 (e)(1)(B) for any plan year shall be suspended in their entirety unless the funded ratio of the
9 employees' retirement system of Rhode Island, the judicial retirement benefits trust and the state
10 police retirement benefits trust, calculated by the system's actuary on an aggregate basis, exceeds
11 eighty percent (80%) in which event the benefit adjustment will be reinstated for all justices for
12 such plan year.

13 In determining whether a funding level under this subsection (e)(2) has been achieved,
14 the actuary shall calculate the funding percentage after taking into account the reinstatement of
15 any current or future benefit adjustment provided under this section.

16 (3) Notwithstanding subsection (e)(2), effective for members and/or beneficiaries of
17 members who retired on or before June 30, 2015, in each fourth plan year commencing after June
18 30, 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of
19 four plan years: (i) A benefit adjustment shall be calculated and made in accordance with
20 subsection (e)(1)(B) above; and (ii) The dollar amount in subsection (e)(1)(B)(II) of twenty-five
21 thousand eight hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand
22 and twenty-six dollars (\$31,026) until the funded ratio of the employees' retirement system of
23 Rhode Island, the judicial retirement benefits trust and the state police retirement benefits trust,
24 calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

25 (A) Effective for members and or beneficiaries of members who have retired on or before
26 July 1, 2015, a one-time stipend of five hundred dollars (\$500) shall be payable within sixty (60)
27 days following the enactment of the legislation implementing this provision, and a second one-
28 time stipend of five hundred dollars (\$500) in the same month of the following year. These
29 stipends shall be payable to all retired members or beneficiaries receiving a benefit as of the
30 applicable payment date and shall not be considered cost of living adjustments under the prior
31 provisions of this § 8-8.2-12.

32 SECTION 24. Section 28-30-18 of the General Laws in Chapter 28-30 entitled "Workers'
33 Compensation Court" is hereby amended to read as follows:

34 **28-30-18. Additional benefits payable to retired judges and their surviving spouses**

1 **or domestic partners.** -- (a) All judges of the workers' compensation court, or their surviving
2 spouses or domestic partners, who retire after January 1, 1970 and who receive a retirement
3 allowance pursuant to the provisions of this title, shall, on the first day of January next following
4 the third anniversary date of their retirement, receive a cost of living retirement adjustment in
5 addition to his or her retirement allowance in an amount equal to three percent (3%) of the
6 original retirement allowance. In each succeeding subsequent year during the month of January
7 the retirement allowance shall be increased an additional three percent (3%) of the original
8 allowance, compounded annually from the year the cost of living adjustment was first payable to
9 be continued during the lifetime of that judge or his or her surviving spouse or domestic partner.
10 For the purpose of that computation, credit shall be given for a full calendar year regardless of the
11 effective date of the retirement allowance.

12 (b) Any judge who retired prior to January 31, 1980, shall be deemed for the purpose of
13 this section to have retired on January 1, 1980.

14 (c) For judges not eligible to retire as of September 30, 2009 and not eligible upon
15 passage of this article, and for their beneficiaries, the cost of living adjustment described in
16 subsection (a) above shall only apply to the first thirty-five thousand dollars (\$35,000) of
17 retirement allowance, indexed annually, and shall commence upon the third (3rd) anniversary of
18 the date of retirement or when the retiree reaches age sixty-five (65), whichever is later. The
19 thirty-five thousand dollar (\$35,000) limit shall increase annually by the percentage increase in
20 the Consumer Price Index for all Urban Consumer (CPI-U) as published by the United States
21 Department of Labor Statistics determined as of September 30 of the prior calendar year or three
22 percent (3%), whichever is less. The first thirty-five thousand dollars (\$35,000), as indexed, of
23 retirement allowance shall be multiplied by the percentage of increase in the Consumer Price
24 Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor
25 Statistics determined as of September 30 of the prior calendar year or three percent (3%),
26 whichever is less on the month following the anniversary date of each succeeding year. For
27 judges eligible to retire as of September 30, 2009 or eligible upon passage of this article, and for
28 their beneficiaries, the provisions of this subsection (c) shall not apply.

29 (d) [This subsection \(d\) shall be effective for the period July 1, 2012 through June 30,](#)
30 [2015.](#)

31 (1) Notwithstanding the prior paragraphs of this section, and subject to paragraph (d)(2)
32 below, for all present and former justices, active and retired justices, and beneficiaries receiving
33 any retirement, disability or death allowance or benefit of any kind, whether provided for or on
34 behalf of justices engaged on or prior to December 31, 1989 as a non-contributory justice or

1 engaged after December 31, 1989 as a contributory justice, the annual benefit adjustment
2 provided in any calendar year under this section shall be equal to (A) multiplied by (B) where (A)
3 is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the
4 "subtrahend") from the Five-Year Average Investment Return of the retirement system
5 determined as of the last day of the plan year preceding the calendar year in which the adjustment
6 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
7 (0%), and (B) is equal to the lesser of the justice's retirement allowance or the first twenty-five
8 thousand dollars (\$25,000) of retirement allowance, such twenty-five thousand dollars (\$25,000)
9 amount to be indexed annually in the same percentage as determined under (d)(1)(A) above. The
10 "Five-Year Average Investment Return" shall mean the average of the investment return of the
11 most recent five (5) plan years as determined by the retirement board. Subject to paragraph (d)(2)
12 below, the benefit adjustment provided by this paragraph shall commence upon the third (3rd)
13 anniversary of the date of retirement or the date on which the retiree reaches his or her Social
14 Security retirement age, whichever is later. In the event the retirement board adjusts the
15 actuarially assumed rate of return for the system, either upward or downward, the subtrahend
16 shall be adjusted either upward or downward in the same amount.

17 (2) Except as provided in paragraph (d)(3), the benefit adjustments under this section for
18 any plan year shall be suspended in their entirety unless the **GASB** Funded Ratio of the
19 Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the
20 State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis,
21 exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all
22 justices for such plan year.

23 In determining whether a funding level under this paragraph (d)(2) has been achieved,
24 the actuary shall calculate the funding percentage after taking into account the reinstatement of
25 any current or future benefit adjustment provided under this section. ~~"GASB Funded Ratio" shall
26 mean the ratio of the actuarial value of assets to the actuarial accrued liability.~~

27 (3) Notwithstanding paragraph (d)(2), in each fifth plan year commencing after June 30,
28 2012 commencing with the plan year ending June 30, 2017, and subsequently at intervals of five
29 (5) plan years, a benefit adjustment shall be calculated and made in accordance with paragraph
30 (d)(1) above until the **GASB** Funded Ratio of the Employees' Retirement System of Rhode
31 Island, the Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust,
32 calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

33 (4) Notwithstanding any other provision of this chapter, the provisions of this paragraph
34 (d) of § 28-30-18 shall become effective July 1, 2012 and shall apply to any benefit adjustment

1 not granted on or prior to June 30, 2012.

2 (e) This subsection (e) shall become effective July 1, 2015.

3 (1)(A) As soon as administratively reasonable following the enactment into law of this
4 subsections (e)(1)(A), a one-time benefit adjustment shall be provided to justices and/or
5 beneficiaries of justices who retired on or before June 30, 2012, in the amount of two percent
6 (2%) of the lesser of either the justice's retirement allowance or the first twenty-five thousand
7 dollars (\$25,000) of the justice's retirement allowance. This one-time benefit adjustment shall be
8 provided without regard to the retiree's age or number of years since retirement.

9 (B) Notwithstanding the prior subsections of this section, for all present and former
10 justices, active and retired justices, and beneficiaries receiving any retirement, disability or death
11 allowance or benefit of any kind, whether provided for or on behalf of justices engaged on or
12 prior to December 31, 1989 as a non-contributory justice or engaged after December 31, 1989 as
13 a contributory justice, the annual benefit adjustment provided in any calendar year under this
14 section for adjustments on and after January 1, 2016, and subject to subsection (e)(2) below, shall
15 be equal to (I) multiplied by (II):

16 (I) Shall equal the sum of fifty percent (50%) of (i) plus fifty percent (50%) of (ii) where:

17 (i) Is equal to the percentage determined by subtracting five and one-half percent (5.5%)
18 (the "subtrahend") from the five-year average investment return of the retirement system
19 determined as of the last day of the plan year preceding the calendar year in which the adjustment
20 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
21 (0%). The "five-year average investment return" shall mean the average of the investment returns
22 of the most recent five (5) plan years as determined by the retirement board. In the event the
23 retirement board adjusts the actuarially assumed rate of return for the system, either upward or
24 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

25 (ii) Is equal to the lesser of three percent (3%) or the percentage increase in the Consumer
26 Price Index for all Urban Consumers (CPI-U) as published by the U.S. Department of Labor
27 Statistics determined as of September 30 of the prior calendar year. In no event shall the sum of
28 (i) plus (ii) exceed three and one-half percent (3.5%) or be less than zero percent (0%).

29 (II) Is equal to the lesser of either the justice's retirement allowance or the first twenty-
30 five thousand eight hundred and fifty-five dollars (\$25,855) of retirement allowance, such amount
31 to be indexed annually in the same percentage as determined under subsection (e)(1)(B)(I) above.

32 The benefit adjustments provided by this subsection (e)(1)(B) shall be provided to all
33 retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect,
34 and for all other retirees the benefit adjustments shall commence upon the third anniversary of the

1 date of retirement or the date on which the retiree reaches his or her Social Security retirement
2 age, whichever is later.

3 (2) Except as provided in subsection (e)(3), the benefit adjustments under subsection
4 (e)(1)(B) for any plan year shall be suspended in their entirety unless the funded ratio of the
5 employees' retirement system of Rhode Island, the judicial retirement benefits trust and the state
6 police retirement benefits trust, calculated by the system's actuary on an aggregate basis, exceeds
7 eighty percent (80%) in which event the benefit adjustment will be reinstated for all justices for
8 such plan year.

9 In determining whether a funding level under this subsection (e)(2) has been achieved,
10 the actuary shall calculate the funding percentage after taking into account the reinstatement of
11 any current or future benefit adjustment provided under this section.

12 (3) Notwithstanding subsection (e)(2), in each fourth plan year commencing after June
13 30, 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of
14 four plan years: (i) A benefit adjustment shall be calculated and made in accordance with
15 subsection (e)(1)(B) above; and (ii) Effective for members and/or beneficiaries of members who
16 retired on or before June 30, 2015, the dollar amount in subsection (e)(1)(B)(II) of twenty-five
17 thousand eight hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand
18 and twenty-six dollars (\$31,026) until the funded ratio of the employees' retirement system of
19 Rhode Island, the judicial retirement benefits trust and the state police retirement benefits trust,
20 calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

21 (4) Effective for members and or beneficiaries of members who have retired on or before
22 July 1, 2015, a one-time stipend of five hundred dollars (\$500) shall be payable within sixty (60)
23 days following the enactment of the legislation implementing this provision, and a second one-
24 time stipend of five hundred dollars (\$500) in the same month of the following year. These
25 stipends shall be payable to all retired members or beneficiaries receiving a benefit as of the
26 applicable payment date and shall not be considered cost of living adjustments under the prior
27 provisions of this § 8-8.2-12.

28 SECTION 25. Section 45-21.2-5 of the General Laws in Chapter 45-21.2 entitled
29 "Optional Retirement for Members of Police Force and Fire Fighters" is hereby amended to read
30 as follows:

31 **45-21.2-5. Retirement on service allowance.** -- (a) Retirement of a member on a service
32 retirement allowance for members eligible to retire on or before June 30, 2012 shall be made,
33 subject to paragraph (a)(11) below, by the retirement board as follows:

34 (1) Any member who has attained or attains age seventy (70) shall be retired as stated in

1 § 45-21-16 subject to the discretions contained in that section; provided, that any member who is
2 a member of the Woonsocket fire department who has attained or attains an age of sixty-five (65)
3 years shall be retired. Retirement occurs on the first day of the next succeeding calendar month in
4 which the member has attained the age of sixty-five (65) years.

5 (2) Any member may retire pursuant to this subdivision upon written application to the
6 board stating at what time the member desires to retire; provided, that the member at the specified
7 time for retirement has attained an age of fifty-five (55) years and has completed at least ten (10)
8 years of total service, and notwithstanding that the member may have separated from service.

9 (3) Any member may retire pursuant to this subdivision upon written application to the
10 board stating at what time the member desires to retire; provided, that the member at the specified
11 time for retirement has completed at least twenty-five (25) years of total service, and
12 notwithstanding that the member may have separated from service.

13 (4) Any member may retire pursuant to this subdivision upon written application to the
14 board stating at what time the member desires to retire; provided, that the member at the specified
15 time for retirement has attained an age of fifty (50) years and has completed at least twenty (20)
16 years of total service, notwithstanding that the member may have separated from service;
17 provided, that the service retirement allowance, as determined according to the formula provided
18 in § 45-21.2-6, is reduced one-half of one percent (1/2%) for each month that the age of the
19 member is less than fifty-five (55) years.

20 (5) Any member of the South Kingstown police department may retire pursuant to this
21 subdivision upon written application to the board stating at what time the member desires to
22 retire; provided, that the member at the specified time for retirement has earned a service
23 retirement allowance of fifty percent (50%) of final compensation pursuant to § 45-21.2-6.1.

24 (6) Any member of the Johnston police department may retire pursuant to this
25 subdivision upon written application to the board stating at what time the member desires to
26 retire; provided, that the member at the specified time for retirement has earned a service
27 retirement allowance of fifty percent (50%) of final compensation pursuant to § 45-21.2-6.2.

28 (7) Any member of the Cranston fire department hired after July 1, 1995, or any member
29 of the Cranston fire department with five (5) years or less of service effective July 1, 1995, may
30 retire pursuant to this subdivision upon written application to the board stating at what time the
31 member desires to retire; provided, that the member at the specified time for retirement has
32 earned a service retirement allowance of fifty percent (50%) of final compensation for at least
33 twenty (20) years service; final compensation for Cranston fire department members is based on
34 the compensation components of weekly salary, longevity and holidays with longevity of the

1 members highest year of earnings and members shall receive a three percent (3%) escalation of
2 their pension payment compounded each year on January 1st following the year of retirement and
3 continuing on an annual basis on that date; further, any illness or injury not covered in title 45 of
4 the general laws relating to the presumption of disability is governed by the collective bargaining
5 agreement between the City of Cranston and members of the Cranston fire department.

6 (8) Any member of the Cranston police department hired after July 1, 1995, or any
7 member of the Cranston police department with five (5) years or less of service effective July 1,
8 1995, may retire pursuant to this subdivision upon written application to the board stating at what
9 time the member desires to retire; provided, that the member at the specified time for retirement
10 has earned a service retirement allowance of fifty percent (50%) of final compensation for at least
11 twenty (20) years service; final compensation for Cranston police department members is based
12 on the compensation components of weekly salary, longevity and holidays with longevity of the
13 members highest year of earnings and members shall receive a three percent (3%) escalation of
14 their pension payment compounded each year on January 1st following the year of retirement and
15 continuing on an annual basis on that date; further, any illness or injury not covered in title 45 of
16 the general laws relating to the presumption of disability is governed by the collective bargaining
17 agreement between the City of Cranston and members of the Cranston police department.

18 (9) Any member of the Hopkinton police department may retire pursuant to this
19 subdivision upon written application to the board stating at what time the member desires to
20 retire; provided, that the member at the specified time for retirement has earned a service
21 retirement allowance of fifty percent (50%) of final compensation for at least twenty (20) years
22 service; final compensation for Hopkinton police department members is based on the
23 compensation components of weekly salary, longevity and holidays with longevity of the
24 members highest year of earnings and members shall receive a three percent (3%) escalation of
25 their pension payment compounded each year on January 1st following the year of retirement and
26 continuing on an annual basis on that date.

27 (10) Any member of the Richmond police department may retire pursuant to this
28 subdivision upon written application to the board stating at what time the member desires to
29 retire; provided, that the member at the specified time for retirement has earned a service
30 retirement allowance of fifty percent (50%) of final compensation for at least twenty-two (22)
31 years' service pursuant to § 45-21.2-6.3.

32 (11) Notwithstanding any provision in this section to the contrary, for any service on or
33 after July 1, 2012, final compensation shall be defined in accordance with § 45-21.2-2, and no
34 benefit adjustments shall be provided except as set forth in subsection 45-21-52(c).

1 (12) Notwithstanding any provisions of this section to the contrary, with respect to police
2 officers employed by the town of Johnston, only those police officers hired on or after July 1,
3 2010 shall be eligible to be members of the Municipal Employees' Retirement System of the state
4 of Rhode Island in accordance with this chapter.

5 (b) Retirement of a member on a service retirement allowance eligible to retire on and
6 after July 1, 2012 shall be made by the retirement board as follows:

7 (1) Any member may retire pursuant to this subdivision upon written application to the
8 board stating at what time the member desires to retire; provided, that the member at the specified
9 time for retirement attained the age of at least fifty-five (55) years and has completed at least
10 twenty-five (25) years of total service, and notwithstanding that the member may have separated
11 from service; or

12 (2) Effective July 1, 2015, for members of fire departments exclusive of Cranston fire,
13 the member makes contributions to the plan effective July 1, 2015 in accordance with § 45-21.2-
14 14, and (i) The member at the specified time for retirement attained the age of at least fifty (50)
15 years and has completed at least twenty-five (25) years of total service; or (ii) The member has
16 completed at least twenty-seven (27) years of total service regardless of the member's attained
17 age, and notwithstanding that the member may have separated from service.

18 ~~(2)~~(3) Any member with contributory service on or after July 1, 2012, who has
19 completed at least five (5) years of contributory service but who has not completed twenty-five
20 (25) years of service, shall be eligible to retire upon the attainment of the member's Social
21 Security retirement age.

22 ~~(3)~~(4) If a member had ten (10) or more years of contributory service and attained age
23 forty-five (45) prior to July 1, 2012 and would have been eligible to retire at or prior to age fifty-
24 two (52) in accordance with the rules in effect prior to July 1, 2012, the member may retire upon
25 attainment of age fifty-two (52).

26 ~~(4)~~(5) Effective July 1, 2015, a ~~A~~ member who has completed twenty (20) or more years
27 of total service who has attained an age within five (5) years of the eligible retirement age under
28 subparagraphs (b)(1) or (b)(2) above, may elect to retire provided that the retirement allowance
29 shall be reduced actuarially for each month that the age of the member is less than the eligible
30 retirement age under subparagraphs (b)(1) or (b)(2) above, provided that for members of fire
31 departments exclusive of Cranston fire, actuarial reduction will be made in accordance with the
32 following table:

<u>Year Preceding Retirement</u>	<u>Cumulative Annual Reduction</u>	<u>Cumulative Monthly Reduction</u>
<u>For Year 1</u>	<u>9%</u>	<u>.75%</u>

1	For Year 2	8%	.667%
2	For Year 3	7%	.583%
3	For Year 4	7%	.583%
4	For Year 5	7%	.583%

5 ~~(5)~~(6) Notwithstanding any other provisions of this section, a member on June 30, 2012,
6 may elect to retire at his or her eligible retirement date as determined under the rules in effect on
7 June 30, 2012 provided that a member making an election under this paragraph shall receive the
8 member's retirement benefit determined and calculated based on the member's service and final
9 compensation as of June 30, 2012. This provision shall be interpreted and administered in a
10 manner to protect a member's accrued benefit on June 30, 2012.

11 SECTION 26. Section 45-21.2-6 of the General Laws in Chapter 45-21.2 entitled
12 "Optional Retirement for Members of Police Force and Fire Fighters" is hereby amended to read
13 as follows:

14 **45-21.2-6. Service retirement allowance.** -- (a) Upon retirement from service pursuant
15 to § 45-21.2-5, a member receives a retirement allowance which is a life annuity terminable at the
16 death of the annuitant and shall be an amount equal to two percent (2%) of final compensation
17 multiplied by the years of total service, provided that for members of fire departments, exclusive
18 of Cranston fire, a member who retires upon the attainment of age of fifty-seven (57) years and
19 has completed at least thirty (30) years of total service shall receive a retirement allowance which
20 is a life annuity terminable at the death of the annuitant and shall be an amount equal to the
21 greater of: (i) Two and one quarter percent (2.25%) of final compensation multiplied by total
22 years of service; or (ii) The member's accrued benefit determined as of June 30, 2012 plus two
23 and one quarter percent (2.25%) of final compensation multiplied by member's years of service
24 after June 30, 2012; provided further that the life annuity under this subsection (a) shall not ~~but~~
25 ~~not to~~ exceed seventy-five percent (75%) of final compensation.

26 (b) Upon retirement, the member may elect to receive the actuarial equivalent of his or
27 her retirement allowance in a lesser retirement allowance as determined by actuarial calculation,
28 which is payable throughout life with the provision that:

29 (1) Option 1. - A reduced retirement allowance payable during the member's life with the
30 provisions that after his or her death it shall continue during the life of and be paid to the person
31 that he or she nominated by written designation duly acknowledged and filed with the retirement
32 board at the time of retirement; or

33 (2) Option 2. - A reduced retirement allowance payable during the member's life with the
34 provision that after his or her death an allowance equal to one-half (1/2) of his or her reduced

1 allowance shall continue during the life of and be paid to the person that he or she nominated by
2 written designation duly acknowledged and filed with the board at the time of retirement.

3 (c) If prior to July 1, 2012, a member elected an optional form of benefit other than a life
4 annuity in accordance with paragraph (b)(1) or (2) above, the member may elect to change his or
5 her form of benefit to a life annuity by filing an election with the retirement board on or before
6 June 30, 2013 provided that the member's beneficiary is still alive at the time the election is filed.

7 SECTION 27. Section 45-21.2-14 of the General Laws in Chapter 45-21.2 entitled
8 "Optional Retirement for Members of Police Force and Fire Fighters" is hereby amended to read
9 as follows:

10 **45-21.2-14. Contributions.** -- (a) Each member shall contribute an amount equal to
11 seven percent (7%) of the salary or compensation earned or accruing to the member provided that
12 effective July 1, 2015 each member of fire departments exclusive of Cranston fire shall contribute
13 an amount equal to nine percent (9%) of the salary or compensation earned or accruing to the
14 member. Special compensation or additional fees shall not be considered as compensation for
15 contribution purposes.

16 (b) Deductions are made in accordance with § 45-21-14 and credited in accordance with
17 § 45-21-43.

18 (c) Each municipality shall make contributions to the system to provide the remainder of
19 the obligation for retirement allowances, annuities, and other benefits provided in this section,
20 after applying the accumulated contribution of members, interest income on investments, and
21 other accrued income. The contribution shall be compiled in accordance with §§ 45-21-42 -- 45-
22 21-44, except that contributions for the first five (5) years of the system shall likewise be
23 determined by the board.

24 (d) Provided, that members of the South Kingstown police department, beginning July 1,
25 1985 and until June 30, 2012, contribute an amount equal to eight percent (8%) of salary or
26 compensation or additional fees are not considered as compensation for retirement purposes. For
27 service on and after July 1, 2012, a member of the South Kingstown police department shall make
28 contributions in accordance with paragraph (a) above.

29 (e) Provided, further, that for service on or prior to June 30, 2012, members of the City
30 of Cranston fire department hired after July 1, 1995, beginning July 1, 1995, contribute an
31 amount equal to ten percent (10%) of their weekly salary; and those members of the City of
32 Cranston fire department with five (5) years or less of service effective July 1, 1995, have the
33 option to either remain in the City of Cranston pension plan to which they belonged prior to the
34 adoption of local ordinance by the Cranston city council as stated in § 45-21.2-22 or contribute to

1 the State of Rhode Island optional twenty (20) year retirement on service allowance an amount
2 equal to ten percent (10%) of their weekly salary commencing July 1, 1995. The City of Cranston
3 may request and the retirement board may authorize additional members of the City of Cranston
4 fire department hired after July 1, 1987, the option to either remain in the City of Cranston
5 pension plan to which they belonged prior to the adoption of local ordinance by the Cranston city
6 council as stated in § 45-21.2-22 or contribute to the State of Rhode Island optional twenty (20)
7 year retirement on service allowance an amount equal to ten percent (10%) of their weekly salary
8 beginning on a date specified by the retirement board. For service on and after July 1, 2012, a
9 member of the City of Cranston fire department shall make contributions in accordance with
10 paragraph (a) above and a member's benefit shall be calculated in accordance with subsection 45-
11 21.2-22(b).

12 (f) Further, provided, that for service on and prior to June 30, 2012, members of the City
13 of Cranston police department hired after July 1, 1995, beginning July 1, 1995, contribute an
14 amount equal to ten percent (10%) of their weekly salary; and those members of the City of
15 Cranston police department with five (5) years or less of service effective July 1, 1995, have the
16 option to either remain in the City of Cranston pension plan to which they belonged prior to the
17 adoption of local ordinance by the Cranston city council as stated in § 45-21.2-22 or contribute to
18 the State of Rhode Island optional twenty (20) year retirement on service allowance an amount
19 equal to ten percent (10%) of their weekly salary commencing July 1, 1995. The City of Cranston
20 may request and the retirement board may authorize additional members of the City of Cranston
21 police department hired after July 1, 1987, the option to either remain in the City of Cranston
22 pension plan to which they belonged prior to the adoption of local ordinance by the Cranston city
23 council as stated in § 45-21.2-22 or contribute to the State of Rhode Island optional twenty (20)
24 year retirement on service allowance an amount equal to ten percent (10%) of their weekly salary
25 beginning on a date specified by the retirement board. For service on and after July 1, 2012, a
26 member of the City of Cranston police department shall make contributions in accordance with
27 paragraph (a) above and a member's benefit shall be calculated in accordance with subsection 45-
28 21.2-22(b).

29 SECTION 28. This act shall take effect upon passage.

=====
LC002649
=====

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO PUBLIC OFFICERS AND EMPLOYEES -- RETIREMENT SYSTEM--
CONTRIBUTIONS AND BENEFITS

- 1 This act would make various revisions to the retirement provisions for many state and
- 2 municipal employees.
- 3 This act would take effect upon passage.

=====
LC002649
=====